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Strategic Marketing of Sport Organizations to Corporate Sponsors: Development of a Framework

by

Kimmo Johannes Lipponen

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A thesis submitted to the Faculty of Graduate Studies and Research in partial fulfillment of the requirements for the degree of Master of Business Administration

Faculty of Business

Edmonton, Alberta
Fall 1995

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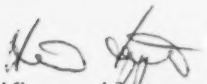

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The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies and Research for acceptance, a thesis entitled *Strategic Marketing of Sport Organizations to Corporate Sponsors: Development of the Framework* submitted by *Kimmo Johannes Lipponen* in partial fulfillment of the requirements for the degree of Master of Business Administration.

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JUNE 12, 1995

The principle of strategy is having one thing,
to know ten thousand things
Miyamoto Musashi

ABSTRACT

The purpose of this thesis is to describe and analyze strategic marketing in a national sport organization, the Football Association of Finland (FAF). The main focus is marketing to corporate sponsors. The embedded focus in this research is sponsorship as a part of corporate marketing functions.

Results show that the organization has sponsorship services to support every element of the traditional marketing communication mix of businesses. The marketing concept adopted, however, is mainly product and selling oriented. The organization has been effective in acquiring sponsorships, and there is a tendency to customer orientation.

Based on the literature and on case studies of FAF and two corporate sponsors, a conceptual framework for sponsorship strategies and types of sport organizations is developed. The conceptual framework is applied to Finnish sports. The suggestions for future research are made in the end of the thesis.

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It is obvious that various individuals have contributed directly and indirectly to this thesis. It is impossible to list all of them, but I wish to express my sincere gratitute to the following people.

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Helsinki, August 1995

Kimmo Lipponen

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1 Introduction

For samurai in 17th century Japan, a winning strategy was essential to staying alive. Miyamoto Musashi's "The Book of Five Rings" defined a winning strategy as a craft of the warrior. The book is based on the discovery of deep understanding of the strategy: "having one thing, to know ten thousand things." Musashi had two basic weapons, a short and a long sword. He based his strategy on their skillful use, and on different positions or stances. For Musashi, knowing other schools and their ways of fighting, was an important factor in creating a winning strategy (Musashi 1974).

The sports industry is one of the fastest growing industries. For example, the total spending on sports sponsorship by U.S. and Canadian companies increased at a 15% annual rate from 1988 to 1993, from $1.2 billion to $2.4 billion (Ozanian 1995). Globally, sponsorship has been estimated to reach $30 billion by the year 2000 (Brooks 1994).

Sponsorship is an important source of revenue for sport organizations on all levels. With decreasing government support in most countries, sponsorship is becoming even more important. Co-operation with businesses requires understanding the functions of corporate marketing, and most sport organizations are acquiring marketing expertise. Marketing expertise is needed to identify the needs of companies, and to develop competitive marketing strategies.

The process of marketing of sports to corporate sponsors has many similarities to ancient warfare. With increased competition, sport marketers have to create a competitive strategy to 'stay alive'. Basically a sport marketer has two 'weapons'; namely participants and spectators. How the service is positioned, i.e. the stance defined, is based on these two weapons. Knowing opponents' positions and skills is

of major importance. For sports organizations that means identifying the marketing goals of the companies, and developing the offering to meet them better than competitors. For sponsoring companies it means realizing the differences between sports, and utilizing the specific characteristics of the sport effectively.

Despite the increasing economic significance of sport sponsorship, and demand for a more professional approach, there are only few studies done on the field. This thesis is one part of a larger project in which marketing of sport organizations is studied. The other parts of the project will closer analyze marketing to spectators and to participants.

The goal of this research is to generate a theoretical framework for sport sponsorship. The phenomena of sponsorship will be analyzed from both the sport organization's and the company's point of view. Therefore the literature review part of the thesis is divided into two sections. Chapter two will present the strategic marketing functions of sport organizations, and chapter three the role of sponsorship in corporate marketing.

The framework will be based on the literature, and on empirical research. The empirical research consists of a case study of a national sport organization in Finland and two case studies of corporate sponsors. From these "few things", we aim to build a framework "to know ten thousand things."

2 The Strategic Marketing of Sport Services

The purpose of this chapter is to apply general marketing concepts in a sport context. First, in chapter 2.1, we will briefly explain the marketing concept, and its applications to nonprofit organizations. In chapter 2.2 the marketing of sport services will be analyzed, and a sport industry structure will be introduced. Chapter 2.3 will apply strategic marketing principles to sports, and a general model of the strategic marketing of sports will be introduced. Special emphasis is placed on positioning, and its applications to sports. All the key concepts will be presented in this chapter, and they are summarized in Appendix 1.

2.1 The Marketing Concept

The strategic marketing of products and services, both profit and not-for-profit, aims at finding a competitive edge on the market, by identifying the different needs in the market and doing something better than others. According to Kotler and Turner (1993, p. 4) "[m]arketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products of value with others."

People have *needs* and *wants* for different kinds of products and services. The *value* of a product or a service lies in its capability to satisfy their need. Through *exchange* they can obtain products or services they want. The *exchange* takes place in the *market*, where the collection of buyers acquire the goods and services. These goods and services are supplied by an industry, the collection of sellers. *Marketing,* therefore, means the working with markets to actualize exchange in order to satisfy needs (Kotler & Turner 1993).

Nonprofit organizations, just like businesses, participate in the exchange of their goods and services. The major difference between businesses and nonprofit is the nature of the exchange (Kotler and Andreasen 1987). Nonprofit organizations are unique in concentrating on exchanges involving non-monetary costs and social as well as psychological benefits. Most nonprofit organizations are also willing to maximize revenue, but their objective is not returning profits to the shareholders and owners, but investing in operations. The major goal of nonprofit organizations is usually to produce as many units of services as possible with the financial and human resources attainable.

Nonprofit organizations have heterogeneous goals, values and norms. Wortman (1979) has divided nonprofit organizations into two subgroups. The first group are institutional organizations, which operate like the public sector. Examples include schools, churches and political parties. The second group are so called third sector organizations, which are more like businesses. Some research organizations and consultants can be categorized into this group. Most semiprofessional sport organizations fall into this group. Nonprofit organizations should be interested in marketing and its methods, because they can make the organization more effective. According to Kotler and Andreasen (1987) nonprofit organizations have realized that they cannot continue to rely solely on their traditional sources of funding, like the generosity of the wealthy and the largesse of public sector.

Marketing should be seen as a philosophy rather than just a combination of tools. According to Kotler and Turner (1993) there are five different concepts of marketing used by organizations. In *the production concept* the organization assumes that consumers will prefer products that are widely available and low in cost. This concept has been applied by many of the participant oriented sports, like swimming. According to the *product concept* customers will favour the product with the highest quality and performance. The product concept can lead to 'marketing myopia'. The

concept was introduced by Levitt (1960), and it states that there is too much concentration on the product rather than on the need. For example many nonprofit and public organizations, like churches, symphonic orchestras and many sports, assume that they are producing the right product and wonder why they do not attract any people (Kotler & Turner 1993).

The selling concept arises from the assumption that the organization have to sell and promote aggressively. It is common when promoting products people do not think of buying, like insurance. It is also often practiced in the nonprofit area by fund-raisers. *The marketing concept* challenges the previous approaches. It is based on customer needs, is market-focused and customer-oriented. The marketing concept places customers as the focus of the organization. The final concept, *societal marketing concept,* adds an important feature to the marketing concept, by recognizing the public interest. In addition to company profits and customer needs, a company takes societal welfare into consideration when planning its operations.

Nonprofit organizations have several marketing problems. First, they are usually product, not market, oriented. The organization does not have a clear picture of its customers and their needs. They see their offering as inherently desirable (Kotler and Andreasen 1987). Therefore a marketing oriented philosophy is not easily accepted throughout the organization. It follows that the product does not always meet the needs of the target segment (Meidan 1986).

Increased competition has been a key factor in generating a greater marketing orientation in most nonprofit organizations. In an effort to improve their "profitability", many nonprofit organizations have adopted new or improved products and entered new markets (Lovelock & Weinberg 1989). But no organization can successfully serve all the customers in the market. Therefore, there is a need to identify the most attractive market segments. The process and elements of modern strategic

marketing will be explained in chapter 2.3. Before that we will take a closer look at the marketing of sport services and the structure of the sport industry.

2.2 Marketing of Sport Services

Services have become more and more important in the modern society. Many services aim to satisfy the same needs as the goods they are competing with (Lovelock 1984). But how are services different and why do they need marketing systems of their own?

In the literature of service marketing researchers like Lovelock (1984), Normann (1984), Grönroos (1990), and Parasuraman et al. (1985) have given their contribution to the definitions of service and service quality. The most notable characteristic is that a service is defined to be principally abstract, i.e. intangible and immaterial. Another characteristic is that a service is principally produced and consumed simultaneously. This characteristic leads to the fact that services do not have inventories or distribution channels (Lovelock 1984). Service is also an activity, action or performance. As a result a service is hard to make homogenous and consistent.

A typical service is a combination of the core service and auxiliary services. Grönroos (1990) divides the latter into two subgroups: *facilitating services*, which facilitate the use of the core service and *supportive services*, which are used to increase the value of the core service. In the airline business, traveling from point A to point B is the core service. The ticket sales are an example of facilitating services. The food and drinks in the plane support the core service, but are not essential for traveling.

Sport services are similar to other services, in that they are intangible, produced and consumed simultaneously. Sports also offer specific benefits like health, entertainment and sociability. But sports have certain characteristics which make them unique (Mullin 1985). Their unpredictability, emotional attachment and social facilitation are challenges to the sport marketer.

The core service, sport event or participant sport itself, is supported with facilitating services, like ticket sales for a football match or racket rental with a badminton court, and supportive services, like food at a football match or a sauna in an exercise facility. A sport service is also inconsistent and unpredictable; you can never be sure how your favorite team or your badminton opponent are going to play today. Because the sport marketer has little or no control over the core product itself, he or she has to concentrate more on the marketing of extensions.

To avoid "the strategic trap of service industry", i.e. the vicious circle of rationalized production leading to poor quality leading to unsatisfied customers, leading to poor profitability, we need an emphasis on quality in service marketing. The assumption is that higher quality leads to higher profits. Basically the quality of a service has two dimensions: the technical or outcome dimension and the functional or process related dimension (Parasuraman et al. 1985). The technical dimension is what customers receive in the exchange with the organization. For example a VIP-seat at a basketball game can be seen as an example of the technical dimension. The functional dimension is how he or she receives the service. In sports event a good example is an usher's service when guiding the VIP-guest to the seat.

The basic ideas of service marketing can be applied to the marketing of sport services. But before more closely analyzing the strategic marketing of sports, the structure of the sport industry has to be explained.

2.2.1 Sports Industry Structure

Most organizations, whether for profit or nonprofit, operate several businesses. All of these businesses, or areas of operation, may not be obvious (Kotler and Turner 1993). At the organizational level the products and services offered have to be categorized in order to meet goals effectively. A Strategic Business Unit (SBU) is an organizational unit with a defined strategy in private corporations (Aaker 1988). Lovelock and Weinberg (1989) introduced a more generic term, Strategic Management Unit (SMU), which is more appropriate for sport organizations. SMU is considered to be "a net generator of revenues" and a component advancing the institutional mission. These two criteria have to be evaluated simultaneously, and they are appropriate for any organization promoting products, services and social behaviors. The idea is to separate the organizational units with specific goals, products and markets.

Brooks (1994) introduces a similar concept for sport organizations, called Independent Sports Unit (ISU). Because of the not-for-profit focus, ISUs do not have the same commercial focus as private-sector business units. Brooks identifies different forms of ISUs, like events, museums, collectables, books, broadcasting, etc., but fails to combine them into a sport industry model. There are, however, few attempts to separate different organizational units building a general sport industry model. Mullin et al. (1993) presented a model based on distinguishing organizations according to their primary marketing functions. Organizational categories of the sport industry were: 1) "Packaged" games or events to spectators, 2) Facilities, equipment and programming to participants, and 3) General administrative support, control and publicity. The first group includes professional teams and individual sports as well as arenas and stadiums. The second group consists of school intramural, country clubs, commercial facilities, camps and sporting goods

companies. The third group includes agencies and leagues, media, sponsors and consulting groups.

The most profound categorization of the sport industry found in the literature is Pitts, Fielding and Miller's (1994) industry segmentation model based on Porter's (1985) theory of industry segmentation. In their study the sport industry is defined as "the market in which the products offered to its buyers are fitness, sport, recreation and leisure related." The sport industry segmented by product type consists of three separate segments; Sport performance segment, sport production segment and sport promotion segment (Figure 1).

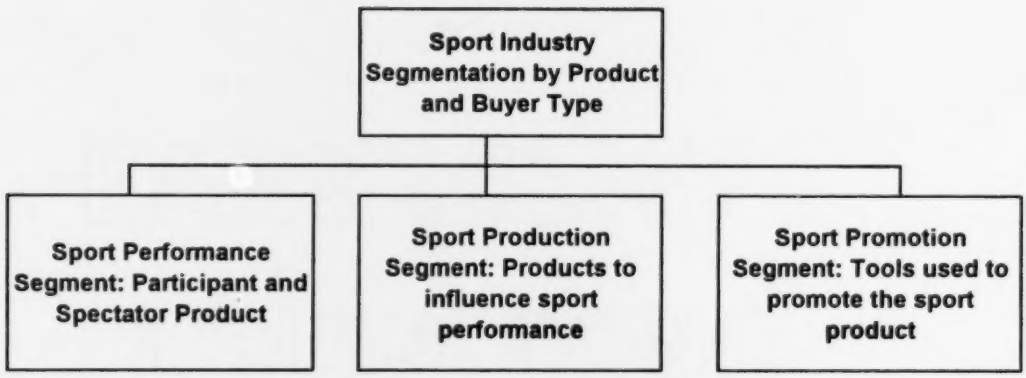

Sport Industry Segmentation by Product and Buyer Type
Sport Performance Segment: Participant and Spectator Product
Sport Production Segment: Products to influence sport performance
Sport Promotion Segment: Tools used to promote the sport product

Figure 1. The Sport Industry Segmentation Model (adapted from Pitts, Fielding & Miller 1994)

Pitts et al. (1994) refer to the marketing through sport aspect (Mullin et al 1993, Chalip 1992) in sport promotion segment. In the definition of the segment Pitts et al. (1994) emphasize the nature of sponsorship in promoting the sport product by defraying expenses. We propose, that the main purpose of sponsorship is not to

promote the sport, but to offer service to a distinctive buyer group, businesses. The approaches are like two sides of a coin, but in terms of understanding the exchange relationship, both sides have to be recognized. In this thesis the marketing through sport aspect is the major focus, and we will emphasize the role of businesses as a separate type of buyer of the industrial sport service. Therefore the sport industry model used in this study can be presented in the form of the following picture (Figure 2).

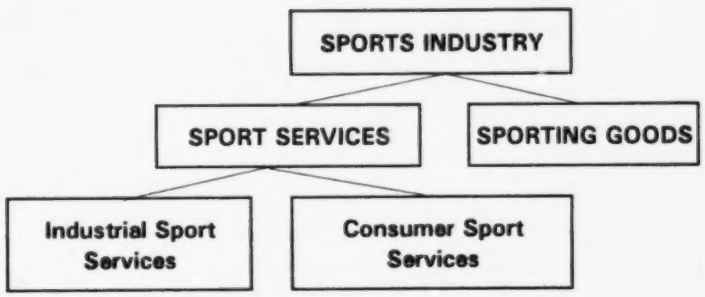


Figure 2. The Sport Industry Segmentation Model used as the Framework of this thesis

According to Figure 2, the sports industry can be divided into two major parts; sport services and sporting goods. The sporting goods include all sports related products, like shoes, training equipment and merchandising. Consumer sport services include sports as a physical activity for participants, and sports as entertainment for spectators. Sport as industrial service emphasizes the role of sport as a business to business product. There are two major stakeholder groups interested in sport services as industrial services, corporate sponsors, and the media. Corporate sponsors are buying rights to use sports in their marketing. The media, especially

TV, are buying rights to broadcast events. The media also play a key role in providing desirable service for most corporate sponsors.

In this study we will concentrate on the marketing of sport services and especially sport as an industrial service to businesses. Sports organizations in this study include amateur (nonprofit) organizations producing sport services, like sport events, competitions, fitness and recreational activities as well as sponsorship services. The production of sporting equipment is not considered to be a function of sport organizations here. International/national/district organizations, sport clubs, teams, and even individual athletes are considered as sport organizations.

The key buyers of consumer sport services are participants and spectators. Sponsoring companies are the key buyers of the industrial service of sports. Participants (including volunteers) and spectators can be considered as the primary market and corporate sponsors as the secondary market (Brooks 1994). That is because most companies are sponsoring sports in order to reach participants and spectators.

2.2.2 The Sports Participant

Participants are the actual producers of the sports and therefore active subjects themselves (Brooks 1994). Although consumer involvement is generic in the production process of many services (compare Grönroos 1990), physical activity is special because of the physical exertion involved. That is why the motivation of participation in sport and physical activity programs seems problematic for service providers (Chelladurai 1992).

According to Chelladurai (1992) there are four broad classes of motives for participation; pursuit for pleasure, pursuit of skill, pursuit of excellence and pursuit of health and fitness. Chelladurai's framework of sport service classification is based on two dimensions; the type of employee involvement in the production of services and the four sets of client motives for participation in sport and physical activities. The six categories, Consumer Pleasure (e.g. tennis), Consumer Health (gym without guidance), Human Skill (instructed tennis), Human Excellence (competitive sport), Human Sustenance (exercise programs) and Human Curative (rehabilitation), could be grouped into two larger categories; sports services and exercise services. In sport services, consisting of Consumer Pleasure, Human Skill and Human Excellence groups, there is a general pursuit for improved skills and at least certain amount of competition. Exercise services are more health and fitness oriented. Therefore it is important, from a marketing perspective, that the organization defines the services it offers. The classification helps, like Chelladurai states, in clarification of attributes of various sports and in identifying market segments interested in each class of services.

Brooks (1994) expands the model of demand of physical activity services to include sociocultural environment, expectations, psychological state, sense of commitment, actual outcome (rewards, opportunity, anguish) and satisfaction. Brooks also emphasizes the importance of the image people have of various sports for motivating them to try a sport. Expectations concerning the sport are an important selective factor before starting the participation. If, for example, the expectations related to karate include anguish and even pain, for most people this will be an important factor in their decision making process. Therefore, the sport practiced can be used as an indicator of a person's interest and as a variable of segmentation.

2.2.3 The Sports Spectator

The spectator market consists of spectators in the stadium, TV viewers, radio listeners and readers of newspapers and magazines (Brooks 1994). Wilkinson (1995) stated that there is a trend in North America for stadium attendance at sports to be declining. At the same time, the sports broadcasted in pay-per-view TV, different forms of interactive sports events and TV generated "pseudosports" such as American Gladiators are getting more and more attention.

According to Brooks (1994) spectators of a sport event consume the core product and experience it in the intangible realm. The core product includes the sports type, the participants and the competition. The intangible elements consist of the thrill of winning, feeling of ownership, and environmental factors like fun atmosphere and chance to have good time with friends. Brooks (1994) noted also that the quality of competition itself is hard to control, but one can improve the total service through creation of an electric atmosphere with supporting services (compare Grönroos (1990) in chapter 2.2). The sports event is also a meeting place, and a place for a social happening. The core service brings people mentally together, and gives them a chance for social facilitation. Commercial and well-planned extensions can be added to provide more opportunities for positive memories. Most professional sport events are good examples, with every minute loaded with some form of action.

Modern sport spectators are living in a secular age, but there are clearly some analogies to ancient rituals in sports events like the Olympics. We have sports heroes, and we are speaking of athletes as gods (Guttman 1986). According to Chalip (1992) multiple narratives, embedded genres and layered symbols serves to further appeal and power of modern Olympic sport. Story themes, genres, and symbolic representations are mainly emotionally focused, and can be targeted at a variety of market segments. Therefore they are complementary to cognitively

oriented positioning concerns, which does not provide means for promotional messages for different segments. From that point of view they are an important part of "the intangible realm".

Most spectators say that they "like to follow sports". Sports gives people a topic of conversation and sports are, in fact, among the most common topics of conversation everywhere in the modern world (Guttman 1986). The willingness of spectators to build up their competencies is essential in promoting sports. Spectators are willing to learn more about sports and its codes. The ability to "read the game" is essential in understanding the codes (Heinilä 1986b). Like in semiotics (see Fiske 1990) this reading is something we learn to do. It is determined by the cultural experience of the spectator. The spectator helps to create the meaning of the event by bringing his/her own experiences, attitudes and emotions. Therefore, expectations and personal feelings are essential to the enjoyment of the sport event. Experience participating in a particular sport is important in understanding the codes of the game. For example 43% of the Finnish basketball audience has played the game on a competitive level (Heinilä 1986b).

Enjoyment might also have an effect on the secondary things from the spectator point of view. It has been noted that people learn more material when they are in a good mood (Goldberg & Gorn 1987). According to Pham (1992), however, pleasure did not have any effect on the recognition of the billboard ads. Spectators are still the most important target group for businesses sponsoring sports, whether they are in a good mood or not.

2.2.4 Marketing of Sports to Sponsors

Corporate sponsors are companies which use sports as one of the vehicles in their marketing mix. They can be advertisers trying to reach the spectator audience, companies willing to attach the positive image of the sport to their corporate image or companies using famous athletes as their spokespersons. These aspects overlap and the use of separate categories of sponsors is always arbitrary. Corporations supporting sports purely for philanthropic reasons are not considered to be sponsors. The sponsorship product from the sponsoring company point of view will be presented in chapter 3, covering various aspects of sport sponsorship as a promotional tool for businesses.

For sport organizations sponsorship is a very important source of revenue. TV has been the most significant factor in increasing the visibility of many sports, and therefore increasing also corporate interest in sponsorship. For example approximately 80% of the sport clubs in Finland had commercial co-operation with businesses (Koski 1990). The role of event sponsors is critical, because without the revenue from sponsorship the event may not be possible (Brown et al. 1993). There is an estimate that Canadian corporations donated $272 million to amateur sport in 1987 and another $925 million on sports related advertising, sponsoring events and endorsing sports stars (Hall et al. 1991).

Event organizers can ensure the benefits to corporate sponsors by researching the suitability of the event to meet corporate objectives. In order to meet corporate objectives, the first task is to know what is for sale. Which age groups have most interest for the sport, who attends games, and who watches sport on TV compared to other sports (Sleight 1989)? The better information sports have on its primary customers, the easier it is sell the sport to corporate sponsors.

The development of the sponsorship product is a co-operative act of two parties, a company and a sport organization. McCarville and Copeland (1994) suggest that the exchange theory would be useful in analyzing the sponsorship exchange. We agree that the propositions they made would be very adequate in nonprofit setting. For example, the enhancement of potential exchange through increased probability of success, including terms that have proved rewarding in the past to the proposals and keeping reward allocation schemes open for negotiation, are important in the process of implementation of the exchange. The emphasis on this study, however, is different. Instead of concentrating on the process of exchange, we will focus on the benefits of the sponsorship product, and therefore provide essential background for the exchange. This approach is based on the assumption, that expected benefits of sponsorship are not clearly stated before the exchange process. The potential value and strategic use of sponsorship will be analyzed from the perspective of both parties.

Mullin et al. (1993) refer to sponsorship as part of promotional licensing, in which the sport organization sells certain rights to corporate sponsor to "affiliate or associate with a product or event for the purpose of deriving benefits related to that affiliation or association". These rights may include retail opportunities, purchase of media time, entitlement or hospitality. In practice these associations might be in terms of logos and trademarks signifying the relationship, a right to an exclusive association within a product category, or the right to conduct certain promotional activities in conjunction with the agreement.

The definition of sponsorship used in this thesis, however, is

> "the provision of resources of any kind by an organization in direct support of an event (sports or arts) or social concern (educational or environmental) with the purpose of directly associating the organization's name/product with the event. The licensee then uses this relationship to achieve its promotions

objectives or to facilitate and support its broad marketing objectives." (Mullin et al.1993, p. 208)

Critics of corporate sponsorship has pointed out that the resulting commercialization has transformed the creative, aesthetic, intrinsically rewarding and playful qualities of sport into routinized, quantified and worklike activity (Hall et al. 1991). According to Sage (1990) commercialism is the driving force behind today's sport. Heinilä (1993) agrees and states that by professionalization sport would loose its humanistic ideals. Still the development cannot be avoided;

" The common characteristic of cultural products today are the utilization of paid labour, the private appropriation of labour creative product and its sale for profit"
H.I.Schiller, professor of communication (Sage 1990, p. 87)

Although the nonprofit sport organizations are not making sales for profit, they still have to make trade-offs between humanistic and commercial ideals. By systematic strategic planning the different aspects of sport can be taken into consideration and co-operation between different motives, humanistic and commercial, can be found. Sparks (1993) suggests that the societal marketing concept should be adopted to sports. He points out the importance of the potential for socially responsible sports marketing and strategic planning to engage social issues such as equity and wellness, and the possible complementarity of social marketing and cause marketing with respect to sports sponsorship and promotion. The NHL's "Goals for Kids" campaign is a good example.

We agree with Sparks on the importance of the societal marketing concept, but also argue that for most nonprofit sport organizations the concept is applied naturally. Social responsibility is natural behavior in participant oriented organizations. With the tendency of the commercialization of sports and with the adoption of more

market oriented strategies, an appropriate analytical framework becomes more important.

Sponsorship must serve the best interests of the sponsoring company and also the best interests of the event and its participants (Brooks 1994). But most importantly, without a winning performance and aesthetic values in a sport there is hardly an effective sponsorship deal.

2.3 Strategic Marketing Concept

Service marketing requires meeting customer's needs, handling the interactions with customers, and managing perceived quality. The mass marketing approach of "a car in any color as long as it is black", cannot satisfy the diverse needs of customers. The mass markets have been "demassified" (Kotler & Turner 1993).

It holds true also for nonprofit organizations. Kotler and Andreasen (1987) claim that nonprofit organizations have gone through three stages in their market orientation. The first stage was mass marketing. The second was product-differentiated marketing, in which different variations of the product or service are offered to different customers. The third stage, target marketing, is appropriate for customer oriented organization. The starting point is the needs of a target segment. The product or service is tailored to those needs. However, organizational reality is not that straight forward. An organization might have products at all stages. In a sports organization, the spectator product might be massmarketed, participant product product-differentiated and sponsorship product target marketed. Although it is usually hard to change, the core product of a particular sport, like football, because of the international rules, new forms of the participant product can be developed. Also the spectator and sponsorship services can be augmented with a variety of extensions, like half-time shows and hospitality services.

Strategic thinking includes the knowledge of organizational strategy process and its subunits, like strategic analysis, strategic management, strategic planning and strategic marketing. Through strategic thinking the organization is willing to find new, profitable ways to operate.

Aaker (1988) identifies five steps in strategic market management; definition of business mission, external analysis, internal analysis, definition of alternative

strategies and selection of strategy and implementation. His model is used as a core for the following prescription of the strategic marketing of sport organizations. The essence of modern strategic marketing, however, is in target marketing. A positioning strategy is used to implement it. Positioning includes *identification of criteria* that are useful in forming subgroups or segments responding differently in marketing efforts, *the selection of target markets*, and the development of *a competitive positioning* for the product or service offering (Kotler & Turner 1993).

The idea of positioning, popularized by Ries and Trout (1981), has been seen as a major tool of creating competitive advantage in the fare of increasing competition. Positioning brings together the parts of strategic planning; market analysis, internal analysis and competitive analysis (Lovelock & Weinberg 1989).

The key issues in strategic marketing management of nonprofit organizations are the same as those for businesses; understanding the nature and size of the market, market segmentation, and targeting to selected segments. The effective communication needs understanding of product or service positioning features and determinant attributes (Lovelock & Weinberg 1989).

The strategic marketing concepts have not been adopted for the management of sport organizations. Therefore a general framework will help us to analyze the marketing function of sport organizations. This framework has been developed for use throughout the research process. The General Model of the Strategic Marketing is presented in Figure 3.

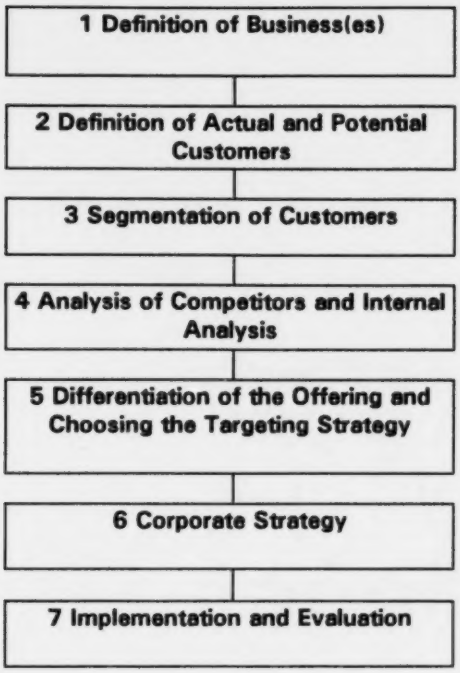

1 Definition of Business(es)
2 Definition of Actual and Potential Customers
3 Segmentation of Customers
4 Analysis of Competitors and Internal Analysis
5 Differentiation of the Offering and Choosing the Targeting Strategy
6 Corporate Strategy
7 Implementation and Evaluation

Figure 3. The General Model of the Strategic Marketing

This framework is based on Aaker's (1988) model of strategic management and Porter's (1980) competitive strategy point of view. The reason why Porter's frameworks are heavily emphasized is simple. Because of the product orientation in most nonprofit organizations, the competitive environment has not been closely analyzed. Porter's frameworks give a solid tool for analysis of competition. We will analyze the strategic marketing model in four different parts. First, the definition of business (part 1 in the model), second, the market analysis (2,3), third, the competitive and internal analysis (4), and fourth, the targeting decision, competitive positioning and issues in corporate strategy (5,6) will be explained.

2.3.1 Definition of business(es)

According to Aaker (1988) strategic market management starts with the definition of the business(es) where the organization operates. Organizations often define their business in terms of the product or service they are producing (Kotler & Turner 1993). A product definition, high-quality for example, can specify the way a product is positioned. By defining generic customer needs there is a greater possibility to consider growth directions. A generic need can be for example a need for entertainment. Instead of defining a sport event as operating a "sport business", as an "entertainment business" the organization can more easily identify and satisfy customer needs. Levitt (1960) calls this "we are in the sports, not in the entertainment business" approach *myopic*.

The definition of business gives tools to create a mission statement, which plays an important role in strategy development. The mission statement should be dynamic instead of static and show growth directions. Therefore a dynamic mission statement provides a vehicle to screen strategic options (Aaker 1988).

In most nonprofit sport organizations the core business is to provide activities for participants and competitors. The other service directed to consumers, the spectator product, can be considered either as a core business or as supplementary resource generator. For example major league icehockey in Finland provides entertainment for spectators as its primary business, while a division III team tries to attract spectators in order to gain revenue for its participant functions. The sponsorship product is a clear resource generator, just like most of the other products a sport organization is producing. The other products might include lotteries, apparel merchandising, and restaurant services.

According to Mullin et al. (1993) many sport organizations have realized that the broad definition of business, designing the range of products and service differentiation in the minds of consumers have great benefits. Sport organizations arranging events for spectators, for example, have widened their appeal once they have realized that they are in the entertainment business. For example the Seattle Mariners changed its "Hardball is Back" campaign promoting the hard-core baseball into "Anything Can Happen" promoting fun and family entertainment and were successful. Rather than simply selling sports, successful event promoters have started to sell the sporting event combined with bands, cheerleaders, pregame, half-time and postgame shows (Mullin et al. 1993). The rough offering in terms of expected bundle of benefits and costs should be defined simultaneously with the definition of businesses.

2.3.2 Market Analysis

According to the marketing concept, *customers* and their needs and wants are the major focus in marketing. Most companies cannot find a profitable way of customizing their product for each of these buyers. Therefore there is a need for segmentation; identification of customer groups with common characteristics and with identical marketing responses.

A consumer market can be segmented using geographic, demographic (age, sex, income), psychographic (lifestyle, personality) and behavioral (benefits, user status, usage rate, loyalty status and attitude) variables (Kotler & Turner 1993). Through segmentation organizations can provide more value for individual customer. The value added is based on closer identification of segments' needs. The production costs can also be reduced through analysis of important attributes for buyer.

Marketing costs can be reduced through analysis of buying behavior of different segments assuming that the cost of segmentation itself is less than the reduction.

According to Engel et al. (1991) effective market segmentation requires four criteria to be met: 1) the segment should be of *sufficient size* to warrant the expenditure of funds, 2) it must be *possible to measure* the market potential of the segment, 3) it must be *reachable* through available media and 4) it should have clear variations in market behavior compared to other segments. Engel's approach is from the communication strategy point of view, but if we think of the reachability through media broadly, the criteria can also be applied to marketing segmentation in general

The segmentation is usually based on more than one attribute. The selection of the areas of operation, for example, gives the general framework for the group of potential customers. If the service product is for example women's aerobics, it already restricts the group of potential customers to females. The market can be further segmented according to age, lifestyle, geographic area, usage rate, etc. Which subsegments of women aerobics will be targeted is a strategic question. The targeting decision will be more closely analyzed in the next chapter.

Many of the bases for segmenting the industrial market, like sponsorship market, are the same as in consumer segmentation, such as benefits sought, geography, and usage rate (Kotler & Turner 1993). Or at least they are conceptually applicable, like Wind and Cardozo (1974) stated. Industrial markets are usually characterized by a small number of buyers and obtaining data is difficult, because there are no systematic records usually available for researchers (Ranta 1991). That is probably the main reason why the literature has a limited contribution in the area.

An industrial market segment is "a group of present or potential customers with some common characteristic which is relevant in explaining (and predicting) their response to a supplier's marketing stimuli" (Wind & Cardozo 1974). According to Wind and Cardozo (1974) "the ideal model" of industrial market segmentation includes macro and microsegments. The first, macrostage, includes seven different bases of segmentation; size, usage rate, application of the product, end market served, organization structure, location, and new versus repeat purchase. The second, microstage, adds relevant segments based on personal characteristics of the decision making unit (DMU) of the customer. Information comes mainly from own sales force and it might include positions in authority, communication networks, personal characteristics, and decision rules.

Another approach is the so called nested approach, presented by Bonoma and Shapiro (1983). It is also based on a "step by step" approach. The criteria used are demographic (industry, size, location), operating variables (technology, user status, capabilities), purchasing approach (power structure, purchase policies, purchase criteria), situational factors (urgency, application, size of order) and personal characteristics (buyer-seller similarity, attitudes towards risk, loyalty) (Bonoma & Shapiro 1983). The criteria to be used are based on the needs of the individual marketing manager. The main problem is to interpret the segmentation data and find the optimal model.

Both of these approaches use segmentation as a major step in the targeting decision. It is an even more important starting point for marketing of industrial goods, like lifttrucks, than it is for marketing of industrial services, like sport sponsorship. We consider segmentation to be a variable in the positioning process and to be guided by expected benefits rather than by for example the industry. The expected benefits of sport services can vary considerably inside the industry. Think for example of a TV manufacturer willing to use sponsorship in its marketing. An

established company with good retailing channels is probably willing to promote sales. Another company which has just entered the industry might need help in creating awareness. A third one which is starting the business wants to promote the company to potential employees.

2.3.3 The Competitive and Internal Analysis

The definition of existing and potential *competitors* is based on customer choices; what other possibilities the customer has compared to our products or services. Information on competitors can be obtained through market research, including secondary sources like trade publications.

The *industry* consists of the relevant products of the identified competitors (Aaker 1988). According to Porter (1980) industry structure has five components driving the industry competition. Porter's model of the elements of the industry structure is applied in the analysis of competitive forces of the environment of sport organizations in Table 1 (see also Porter 1980, Brooks 1994, Shilbury 1993, Parro & Lopez 1993). The table presents some of the differences between sports sponsorship (as an industrial product) and sports entertainment (as a consumer product) sectors to illustrate the importance of the proper definition of business. Unlike in Parro and Lopez (1992), the substitutes are also considered here.

Table 1. The Five Factors Driving Industry Competition in Sports (based on Porter 1980)

Factor	*Sports Sponsorship*	*Sports Entertainment*
Competition among existing firms	-moderate # of competitors -no barriers to exit -increases the overall demand	- moderate #of competitors - oligopolistic - industry growth
Threat of new entrants	- barriers to entry; financial, rules - product development/knowledge - moderate	- Augmented Service Offering, extensions - low
Threat of substitutes	- media, advertising, sponsorship of arts, product placement -high	- concerts, TV, movies,... - staying home - high
Power of suppliers	- Agents, teams, players, TV - high	- players, stadiums, TV - high
Power of buyers	- businesses - high power; low cost of switching	- individual persons - moderate; emotional attachment

Both sectors are characterized by a moderate number of competitors, although the level of the offering might be very heterogeneous. At the absolute top level the competition is oligopolistic and in some cases even monopolistic. In sport sponsorship, however, there might be a so called win-win situation, because of the recent development of the sector. Well implemented projects give credibility to the whole industry, and result in increased demand. The threat of new entrants is controlled at the top level by leagues and national federations Specific product extensions, such as a world class opera singer singing a national anthem, might only be available at the top level.

There are various substitutes for both sectors. The bargaining power of suppliers is high. This can be best seen in the rise of players' salaries. Businesses buying the sport sponsorship product have in general a low cost of switching. The tobacco and alcohol manufacturers, whose tools of marketing are often limited by laws, are in many countries exceptions. In sports entertainment the emotional attachment can be seen as a decreasing factor in the power of buyers. That is because the emotional relationship to sports can increase the perceived cost of switching.

When different sports are competing against each other, it is difficult for spectators or sponsors to evaluate the quality of the sport itself. Success in international competitions, number of spectators or even salaries of top players can be used comparing different sports. Objective measures are, though, hard to find, and qualitative attributes, like image, become important.

The organization has to analyze the external environment in order to define the key success factors (KSF) for the whole industry. Determining the KSF helps the organization to be responsive to environmental opportunities and threats. The *environmental analysis* identifies the trends in environment creating opportunities and threats to the organization. Aaker (1988) divides the trends into five sections;

technological, governmental, economic, cultural and demographic. One way to monitor environmental changes is to solicit expert opinion.

Definition of these key success factors and acquiring the assets or skills needed are essential in competitive market. In order to be successful a sport organization has to be able to control most of the success factors, like the barriers to entry (competition rules etc.), utilization of social facilitation aspect, ability to market product extensions or simply the best quality of a sport (e.g. Mullin et al. 1993, Sage 1990). That is just as important as a good goalie or a scoring striker for a success-oriented football team.

In order to respond to the changes in the external environment, it is essential for the organization to analyze its internal strengths and weaknesses, in terms of assets and skills employed. The *internal analysis* must include, in addition to financial performance data, assets not appearing on the balance sheet, such as people, brand name and distribution (Aaker 1988). We argue that assets and skills not appearing on the balance sheet are especially important for nonprofit organizations, because these organizations cannot be evaluated according to the same criteria (e.g. profitability, ROI, etc.) as businesses. Forms of social behavior, such as levels of sport activities (e.g. number of participants), voluntary work and international activities are of major importance. For corporate sponsors assets like stars of a team, reputation, visibility in media and marketing skills of personnel are essential.

The Value Chain Analysis (Porter 1985) is an effective tool in defining organizational ways to create sustainable competitive advantage on SMU-level. According to Porter (1985) the value chain is a major tool for identifying potential sources of value enhancement in the organization.

The nine value activities consist of five primary and four support activities. The primary activities include bringing materials into business, operating on them, sending them out, marketing them and servicing them. In service production the system works slightly differently. Because of the simultaneous production and consumption both operations and service occur at the same time. The interpretation of logistics is also arbitrary. If the logistics are understood only as physical materials, not as ideas and human resources, the application to services is difficult. The support activities occur throughout all of the primary activities. Procurement represents purchasing of various inputs for primary activities. Technology includes all the development in research and development department and also in other parts of the organization. The HRM operates in a similar manner in all departments. The infrastructure includes general management, accounting, finance, etc. (Porter 1985).

To professional sport organizations the value chain is applicable. The collection of activities aims at producing a margin. In product-oriented amateur sport organizations the value chain can only be applied conceptually. The operations are of major importance for them, even the possible margin is brought back to the operations.

2.3.4 The Targeting Decision and Implementation of the Positioning Strategy

After market segmentation, the organization has to make the targeting decision to see which segments are attractive enough and toward which promotions will be directed. The market segmentation and targeting decision are inseparable. When segmenting the market, ie. finding optimal segments to approach, the targeting functions like combining corporate objectives and resources have to be considered. And that is, in fact, the ideology on which Wind and Cardozo (1974) built their industrial market segmentation model.

An organization has three basic options in targeting. The options are concentrated marketing, differentiated marketing and undifferentiated marketing (Kotler & Turner 1993, Engel et al. 1991). In concentrated marketing the organization concentrates on one or more selected segments. Marketing memberships of a golf club to local upper class males would be an example of this approach. In undifferentiated marketing the organization practically ignores segment differences and one marketing mix is offered to everyone. The same generic form of sport, such as swimming, offered to everybody is an example of undifferentiated marketing. In differentiated marketing the organization operates in most market segments offering a unique marketing mix for each. A modern football stadium with capabilities to tailor the core service and extensions according to needs of different spectator and sponsor groups, is a good example.

We see Porter's (1980) generic strategies as an essential framework to conceptualize the differentiation. Strategies are based either on low cost or differentiation or both. Porter (1980) suggested three generic strategies to deal with competitive forces; *cost leadership, differentiation* and *focus*. Cost leadership emphasizes sustainable cost advantage in product or service production, which is usually achieved through high market share. Differentiation is a strategy of creating something that is perceived as unique. The final generic strategy is to focus on a particular buyer group or segment. The following picture (Figure 4.) illustrates the four competitive strategies by Porter (1980).

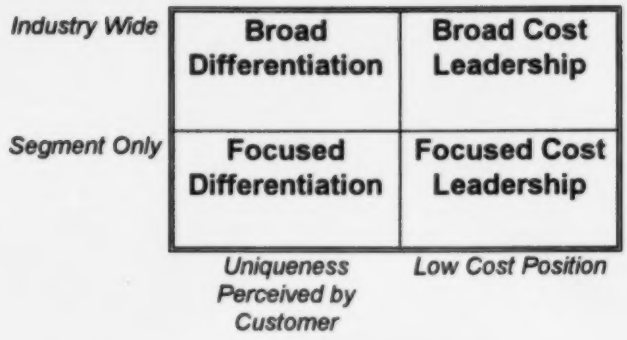


Figure 4. Four Competitive Strategies (Porter 1980)

Some sports, basketball for example, have chosen to become generalists providing something for everybody (Industrywide strategy). In that case they have a choice of either providing something unique (broad differentiation) or something at a low cost (broad cost leadership). The smaller sports, like scuba diving, might have a more focused target group. If the focus is used with differentiated products, for example some particular form of game, it is called differentiation focus. If the sport is focusing on a specified segment with low cost service, it is called focused cost leadership.

The choice of targeting strategy has to be based on a cost/benefit analysis. Aaker (1988) described a differentiation strategy as "one in which the product offering is differentiated from the competition by providing value to the customer, perhaps by enhancing the performance, the quality, the prestige, the features, the service backup, the reliability, or the convenience of the product." The value added, both for customer and seller, is the function of perceived customer price and perceived customer value. By positioning the offer for specific market segment, the value added can be optimized for both parties.

According to Johnson (1988) marketing research can contribute directly to the development of strategic alternatives to current marketing plans. E.g. for sport

events an important strategic choice is made between product development and audience development. Should the supply be planned to meet the diverse and changing needs of existing customers or should new audiences be targeted with the existing product? Another strategic choice is to define the geographical area of the target market to be focused. Do we want to target international, national or local audience and sponsors?

Competitive Positioning

Targeting an NBA game to an international audience or sponsor is not only a problem of targeting. In order to be effective, the targeting strategy has to be supported by competitive positioning. What is there in an NBA playoffs game between Chicago Bulls and Orlando Magic compared to other sports for a Canadian company or an individual spectator? Does it have a specific position in potential customers' minds?

Positioning refers to the "perception that targeted customers have of a firm's offering relative to the competitors" (Engel et al. 1991). The positioning is about *communication* between a customer and the organization offering the product or service. Positioning has to be based on the product or service, but as founders of the concept Ries and Trout (1981) put it, "positioning is what you do in the mind of the prospect." According to Kotler and Turner (1993) positioning is "the act of communicating the company´s offer so that it occupies a distinct and valued place in the target customer´s minds."

Positioning strategy is a way to implement subunit strategies by differentiating the offer in the minds of potential customers. In Porter's (1985) typology it can be compared to a differentiation focus strategy; targeting a specific segment and aiming

for uniqueness perceived by customer. Creating and maintaining a specific image is the focus in the positioning strategy.

In the NBA playoffs case, slamdunks of Shaquille O'Neal or the comeback of Michael Jordan might give an incentive for a spectator to choose basketball over some other sports. For a potential sponsor, the reach through extensive TV coverage and association with the event might be an attractive incentive.

Aaker's (1991) definition for a brand; "distinguishing name and/or symbol (such as logo, trade mark or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors", is closely related to creating a brand and creating brand equity. The brand names are not only powerful in consumer marketing, but also in industrial markets (Aaker 1991).

Aaker (1991) emphasizes the importance of brand associations as a part of brand equity. He refers to image as a set of these associations, which relate to anything 'linked' in memory to a brand. Brand associations are relevant also for sport brands, both for specific sports and for individual teams and athletes. The following figure (Figure 5) presents the hypothetical brand associations of the sport of football.

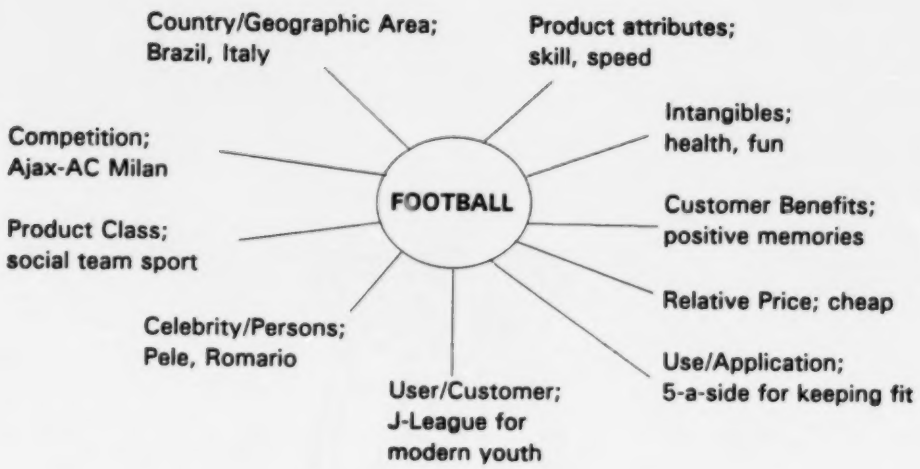


Figure 5. Brand Associations of Football (based on Aaker 1991)

Aaker (1991) emphasized product attributes (speed/skill) and customer benefits (positive memories) as most important. Undoubtedly they are also important for sports, just like the other associations in Aaker's typology. Intangibles, like increased health or sociability, are relevant for most sports, not just for football. The relative price varies from sport to sport, football is cheap to both practice and spectate. Use/application means in football different forms of the game for different applications, like five-a-side for keeping fit and competitive games to show excellence. The other sports might have different applications; swimming for loosing weight, running for improving condition and tennis for sociability.

Users/customers can be used as differentiating associations, as J-League of soccer has successfully done in Japan. J-league positioned the games as modern happenings for youth. There are celebrities in most sports, and they are often

universal. In football, the names Pele and Romario are universally known and a star like Jari Litmanen (Ajax, Amsterdam) gives the association of success for Finnish football. Competitors are very relevant in sports, especially in different leagues. In the National Hockey League (NHL) or the National Basketball Association (NBA) playoffs every game is a high level competition. Competitors are related to some geographic area or country. A classic example were the Canada-Soviet Union hockey games in the beginning of 1970's, with enormous amount of national pride involved. In European Champion's League, European top football teams play against teams from cities of other countries, although a team can consist of players with different nationalities.

These associations form a multidimensional space, in which the position is a combination of different factors. It is, however, important to select the most important approach(es) to be used in the promotion. To point out the importance of selection of the most important associations Aaker (1991) states that a positioning, which involves too many product attributes can result in a fuzzy, confused image.

Football has a specific profile in every country, formed mainly by the national league and the national team. Every local team has its own image, which can be different from the national or global images. A player, especially a star player or a coach of the team, can have a strong image of his or her own. Even some stadiums, like Maracana in Rio de Janeiro, have specific associations. But it is the international federation, which sets the rules for the game, and develops a basic position upon which national variations, like specific style of playing, can be added. From that perspective a sport has some common generic associations worldwide.

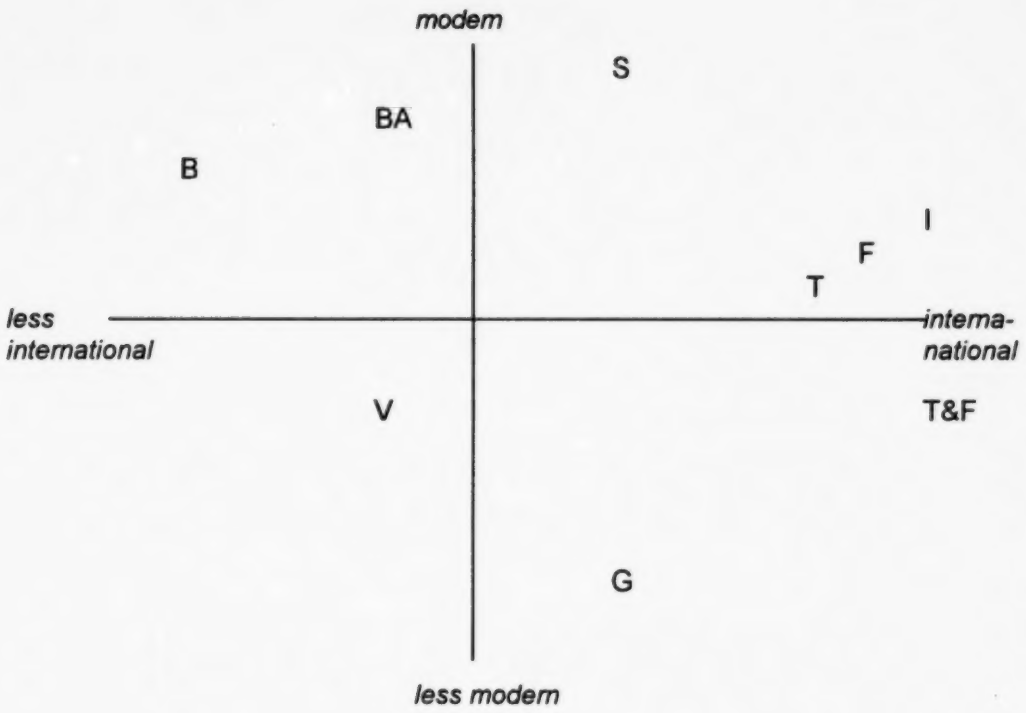
Aaker (1991) argues that brand associations create value for a brand providing a basis for differentiation and reasons to buy it. These are perceptions that may not reflect the reality. Therefore in making the positioning decision, the organization has

to start with situational analysis. The self-analysis was referred to earlier as organization's ability to meet the key success factors. Key success factors in the industry are based on the competition and competitors' associations as well as on the target market of the organization. The targeting decision cannot, however, be separate from the situational analysis. This triangular relation between the organization, customers and competitors has been seen as a foundation of positioning (e.g. Lovelock 1984, Muhlbacher et al. 1994).

The communication with the target market is a fundamental marketing activity (Park et al. 1986; see also Gardner and Levy 1955). Not only in the short term positioning of the brand, but also in the long term. Selecting the general brand concept and after introduction elaborating and fortifying it are essential for managing the image over time (Park et al. 1986). The brand concepts, developed for product markets, were related to functional, symbolic and experiential needs of customers. Many brands have a combination of these three concepts or benefits. In sports especially symbolic and experiential needs are fulfilled. Professional sports have taken advantage of the positive image of sports elaborating their concepts from the marketing of the team to magazines, merchandising, movies, etc.

Although every sport has its own set of brand associations, sports in general have a very positive image. For example 85% of Finns give the sports and physical activities a positive loading. The most important factors affecting that positive image are sport stars as role models for youth, sport clubs as producers of sport services and the quality of sports programs in broadcast media (SVUL Kehittämispalvelut 1993). The general positiveness is also supported by the Miller Lite Report on American Attitudes toward Sports (1983); according to the study 70% of Americans watch, read, or talk about sports every day and only 3.7% are unaffected by sports.

In addition to generic image, different sports can be evaluated according to specific image attributes. The image attributes of different sports have been analyzed in Finland by Suomen Gallup (1993). The following perceptual map (Figure 6) shows the differences between sports according to the attributes "international" and "modern".



B=Finnish baseball, BA=Badminton, V=volleyball, S=swimming, I=icehockey, F=football, T=tennis, T&F= track & field, G=golf

Figure 6. A Perceptual Map of Different Sports in Finland (based on Suomen Gallup 1993)

According to these two attributes we can see that traditional global sports, like football, icehockey and track and field, are perceived as very international, but

average modern. Growing sports like swimming and badminton are perceived as more modern, but also less international. It is obvious that the "national sport" of Finland, Finnish baseball, is perceived as non-international. Volleyball is the only sport, which has negative loadings in both of these aspects. These attributes just scratch the surface of associations of different sports, but they give a fairly clear picture of the perceptual differences. We propose that by identifying the specific image attributes of different sports, the selection of the sponsorship target could be more rational and efficient.

Issues in Corporate Strategy

Porter (1985) states that corporate strategy is an overall plan for a diversified organization. While competitive strategy is concerned with how to create competive advantage on SMU-level, corporate strategy is what makes the corporate whole add up to more than the sum of SMU's. There are many interrelationships between separate SMU´s. We suggest that transferring skills, restructuring, portfolio management and sharing activities are ways to improve organizational effectiveness through synergy in nonprofit organizations. Still many of the ideas of corporate strategy are not applicable in nonprofit organizations. For example restructuring and portfolio management are not easy to implement in a nonprofit context.

In sports, synergy can be found, for example, in marketing sport events to the participants and officials. The planning activities of advertising campaigns can be shared, or centralized, in a sports league. The balance between resource-generating (spectators, sponsors) and resource-using (participants, competition) units is a task of the parent organization. Sponsorship as a resource-generating unit is highly dependent on the other resource generator, spectators. Finding a synergy between these two is another important challenge for a sport marketer. In terms of creating competitive advantage in the industry this synergy can be utilized in various

ways. Providing the sponsor with access to a highly differentiated target group can lead to higher cost of switching and lower power of substitutes. For example sports like tennis and golf provide Volvo with access to its primary target group, wealthy people with an active lifestyle participating and spectating those sports.

On the other hand sponsors can provide an event and its spectators with something they are not able to get elsewhere. Promotional giveaways and possibilities to test-use new products can increase the value of the event and therefore attract more spectators. In empirical analysis we will analyze how this is implemented in practise. Although this thesis concentrates on sponsorship, we will also cover some relevant aspects of corporate strategy.

Porter's (1985) ideas of corporate strategy are based on the strategic management of a large, multinational corporation, which has plenty of resources to make a profound analysis. It gives, however, ideas and insights for strategic management of small and mediumsize companies. Therefore there is a need to develop a more applicable framework for small companies and especially for nonprofit sport organizations.

2.4 Conclusions of Chapter 2

In this chapter the general marketing concepts were applied to sports. We developed an industry structure model of sports, a general model for strategic marketing of sport organizations, and applications of competitive positioning strategy to sports. We proposed that most sport organizations are not operating according to the marketing concept, and they would be able to operate more effectively by closer identification of customer's needs, competitive situation, and own resources. In terms of sport sponsorship, it is argued that a well implemented positioning of sports would bring value added to the corporate sponsor.

There is no previous literature found on the use of positioning strategy in the marketing of sports to corporate sponsors. Therefore the prescriptive model of strategic marketing of sports has been developed to function as a conceptual tool in a data gathering process. The contribution of this thesis will be the explanation of the conceptual framework from the perspective of sport sponsorship product.

Proposition #1. *The marketing concept is not widely accepted in sport organizations; sport is relying on its uniqueness as a source of attractiveness.*

Proposition #2. *The marketing functions of nonprofit sport organizations are undifferentiated.*

3 The Role of Sponsorship in the Marketing Functions of Businesses

"Nothing sells like sports" stated Business Week in August 1987 cover story article discussing the explosion in the field of sport sponsorship. The top spenders, like Philip Morris, RJR Nabisco and Anheuser-Busch, spend a total of hundreds of millions every year in sponsorship of sport events and endorsements. Sponsorship is a good way to create a strong association between a brand and a celebrity, like an athlete or a team (Aaker 1991). For example, what would Nike basketball shoes be without Michael Jordan or Labatt's Blue without Toronto Blue Jays?

Through sponsorship, companies are, in fact, "renting the image of sport" (Otker & Hayes 1986). The means of sponsorship can be very diverse; from the use of local spokespersons to board advertisements in national events and from sponsorship of junior clubs to sponsorship of the Olympics. One thing is common, however, to every level of successful commercial sponsorship, the benefits are mutual and goals clearly stated. In this thesis the assumption is that all sponsorship decisions are rational and made to maximize the profit of the company regardless of the level of the partner. Sponsorship is understood as a tool of strategic marketing.

The chapter analyzed the characteristics of brand image of sport. In this chapter, the role of sponsorship in corporate marketing framework, as a rental of the image of sport, will be analyzed. We will analyze the role of sponsorship as a tool of marketing communication, as well as the goals, target groups, implementation, and evaluation of the results of sponsorship.

3.1 Sponsorship as a Tool of Marketing Communication

The major goal of marketing communication (promotion) of a business is to bridge the informational gap between producers of items and potential consumers. Therefore the promotional strategy plays a significant role in marketing and to be effective, it must be guided by the marketing concept (Engel et al. 1991). As illustrated in Figure 7, sponsorship is a medium to bring the message from the sender (a company) to its target group (actual or potential customers). The figure is identical with the corporate side of the definition of sponsorship in chapter 2.2.4, in which businesses "use this relationship to achieve [their] promotions objectives."

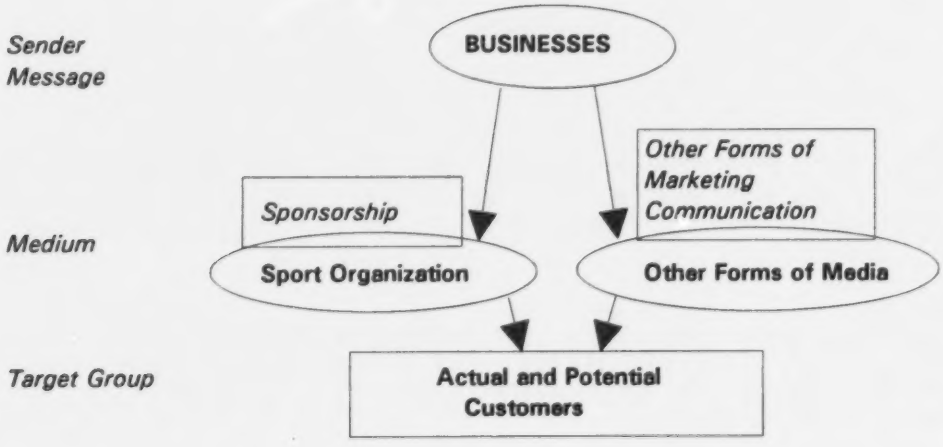


Figure 7. Sponsorship in the Communication Process

Each communication media has certain attributes to meet the communication objectives. The versatility of sponsorship enables it to fulfill many of the basic functions of other tools in the marketing communication mix (Meenaghan 1991). According to Sleight (1989) sponsorship is "the fourth medium" in addition to

advertising, PR and sales promotions. One of the advantages of sponsorship, states Sleight, is its ability to act as a theme that can be incorporated into advertising, public relations and sales promotions to inforce the total effect of the campaign. Sleight (1989) had left, however, personal selling out of the comparison of mediums, but Meenaghan (1991) states that sponsorship has capacity also in this part of the marketing communication mix. We agree with Meenaghan, because the corporate hospitality function of sponsorship provides a vehicle for relationship marketing and also for the selling function.

Sponsorship is one part of promotions, but just like advertising it is not independent of other forms of marketing communication. Because the specific elements in marketing communication mix have a different effect on the target group, it is a great challenge for marketer to combine the elements as synergistic parts, including sponsorship, of corporate promotions.

Sponsorship is an accepted marketing tool, but companies are still looking for its role in the marketing mix (Otker & Hayes 1987). Although attitudes have changed substantially since the 1970's, when Adams (1977) referred to sporting sites as "difficult media", it cannot be considered as an "easy media" yet. Sponsorship is widely used as a complementary factor in promotions and it has many common characteristics with advertising. There are, however, some key differences between these two methods of communications (Meenaghan 1991): 1) in sponsorship the quantity and quality are largely beyond *the control* of the sponsor, 2) sponsorship is "mute", *non-verbal medium*, 3) in implementation a sponsor must "leverage" the sponsorship by *investing additional funds* in promotion to bring the association with the activity to the audience, 4) *audience reaction* to sponsorship is likely to be more positive compared to other media, and 5) *the personal motives* of decision makers, "the chairman's syndrome".

With long-term view of sponsorship, the marketing goals can be achieved despite the negative aspects, like uncontrollability and muteness, of sponsorship. General Mills, for example, has used sponsorship effectively since 1933 in the promotion of the Wheaties brand. "The Breakfast of Champions" has become one of the most popular slogans. General Mills has been very effective in the third key characteristic of sponsorship; in leveraging the relationship to the famous sport and spokespersons by investing in commercials and even creating their own Wheaties Sports Federation (Harris 1991).

Brooks (1994) emphasizes unique qualities of sponsorship compared to other communication media. Her argument is that the uniqueness of sponsorship is based on its ability to amplify the message by separating the sponsor's voice from the crowd. The argument is consistent with Meenaghan's positive audience reaction. The other unique characteristic, according to Brooks, is aiming the message. The proposition of aiming and amplifying characteristics is challenging, but Brooks leaves the attributes behind the targeting power and amplifying effect somewhat ambiguous. In this thesis we will go behind these strategic functions, and analyze the attributes of targeting and positioning in sport sponsorship more closely.

3.2 Goals of Sponsorship

The goals of sponsorship can be very diversified. Schuman (1986) found that the top-three sponsorship goals in U.S. were *community relations, awareness and recognition,* and *image/reputation.* According to Abratt et al. (1987) the most important goals in South Africa were *potential TV coverage, promoting corporate image* and *potential media coverage (press, radio).* Kojo and Lipponen (1991) found out that in Finland the top-three goals were *enhancing the image, increasing awareness* and *social responsibility.* In Mintel Report (1990) in England the most important reason for entering the sponsorship deal was *media coverage*, second was the *image of the event/team* and third *the profile of the audience.* The latest finding from U.S. by Irwin & Sutton (1994) shows that the most important sport sponsorship objectives are *increasing sales/market share, increasing target market awareness,* and *enhancing general public awareness.* The results are not, however, totally comparable, because of the different methodologies and concepts used.

Meenaghan (1991) identified three broad categories of sponsorship objectives; *exposure/media coverage, communications* and *sales objectives.* If we consider social responsibility and community relations as communication objectives, the same three categories can be found in the list above. Increased awareness, enhanced image and media coverage are the most important goals. We argue that exposure and media coverage can both be seen as tools to reach target groups. Therefore the goals can be roughly divided into two main groups; communications and direct sales objectives. Naturally the communication goals usually have a sales related objective, in the long run. The dilemma in talking about sales objectives lies in the difference between long term and short term marketing goals.

Brooks (1994) stated that most corporations that use sponsorship are using sports as a communication medium. We agree, but that does not mean that short term

direct sales objects do not exist. In some product categories, such as ice-cream and beer, valuable direct sales can be made at an event. Most sponsors' main goals are, however, communications related in the short term and sales related in the long term. The superiority of the communication goals is supported by a survey of the corporate goals of companies on four different industries (Javalgi et al. 1994). Media exposure, image, positioning and awareness goals were present in every industry (fashion/accessories, food, travel/tourism, and insurance), but sales goals only in food industry.

We argue that Irwin's and Sutton's (1994) finding of sales objectives being most important is a reflection of increasing professionalism in the industry. It is also a sign that corporations are more and more interested in finding the actual effect of these communications on sales and market share.

The difference based on company type was found in a study of sponsoring companies in Ireland. The objectives and target groups vary with the sponsor's industrial background (Schuman 1986). Table 2 shows the differences between consumer and industrial companies in their sponsorship goals.

Table 2. Sponsorship Objectives and Company Type (based on Schuman 1986)

	Business (%)	*Consumer (%)*	*Total (%)*
Community relations	***29***	***21***	***24***
Awareness/recognition	***17***	***22***	***20***
Image/reputation	***11***	***18***	***15***
Corporate responsibility	***21***	***12***	***15***
Revenue/sales	***5***	***12***	***9***
Match to customer lifestyle	***3***	***8***	***6***
Employee morale	***7***	***2***	***4***
All other	***7***	***7***	***7***

The table shows that the consumer goods companies are more primary customer oriented and industrial companies more oriented towards other stakeholders and internal marketing. If we look for example at the image/reputation as well as revenue/sales as objectives, consumer companies are more interested in them, and on the other hand business to business companies are more interested in community relations and corporate responsibility. That finding leads to a rough proposition that the goals of consumer goods companies are more directly sales related, when the industrial companies are willing to invest in public relations. The statistical significance was not, however, reported so the exact conclusions are impossible to draw.

It is a real challenge for sport marketers to demonstrate how their sales have increased because of sponsorship. That task is difficult, and sometimes even impossible because of the simultaneous use of other communication tools. Changes

in external factors, such as general demand, also have a great effect on the results. The sales in the event itself are easy to measure, but the effect of corporate hospitality, and event-related advertising etc. on future sales, is a much more complicated task.

In this thesis we assume that the communication goals are of major importance. There is a need to more explicitly state the segmentation, targeting and positioning power of sport sponsorship and the most important attributes for a specific sport, athlete or team. We propose that from the corporate sponsor's perspective, identification of the differences between sports, athletes and teams, and in their ability to support the marketing (communication) goals of the company, would lead to more effective sponsorship. The rest of this chapter will analyze the problem of prioritizing the sponsorship audience, choice of the sponsorship target as well as issues in implementation and evaluation of sponsorship projects.

3.3 Prioritizing the Sponsorship Audience

Sport is popular as a sponsorship activity because of its wide publicity and positive feelings/enthusiasm related to it (Burnett et al. 1993). As stated earlier sport has two potential markets to be reached: the participant and the spectator (Abratt, Clayton and Pitt 1987). In terms of stakeholders of the company, these participants and spectators might be consumers, suppliers, own workforce, general public, local community, key decision makers or shareholders.

According to the survey by Crowley (1991), customer orientation is of major importance to 75% of sponsors. 33 % are general public oriented, 27 % worker oriented and 26 % business community oriented. But it is not only question of the quantity of the audience, but also their 'quality'. According to Mintel Report on Sponsorship (1990) the audience profile is more important than the size of the audience (65% respective 55%). Again the communication with target audiences depends on the industrial/consumer orientation of the company. Consumer goods companies are most interested in media coverage and industrial companies in entertaining the guests. Companies having special emphasis on worker relations were most interested in the use of the event title (Crowley 1991). If the image and awareness goals can be combined with the targeting, there is potential for successful sponsorship. For example if a company sponsors a team in the area where their factory is located, it can increase interest in the company in the eyes of the potential employee (Meenaghan 1988).

Demographics and lifestyle activities are often used as targeting criteria of sponsorship (Javalgi et al. 1994). Their analysis compared the bases for target audiences between different industry groups. The basis was either demographics (4/9 industries) or demographics and lifestyle (4/9). The sponsorship fulfills the most important criterion of a communications medium; it allows a particular audience to be

targeted with a particular message. Audiences of particular leisure activities can be analyzed in terms of correlation with the target audience of the company (Sleight 1989). For example if you are planning to reach female audience, the best possible sport is probably not boxing. The main problem in marketing, though, is not reaching the audience, but having a positive effect on them. The correlation between the target audiences of companies and sport organizations, will be analyzed in the empirical part of this research.

Because the relationship between sport participation and spectating is fairly unclear, and the media habits are even more ambiguous, Burnett et al (1993) have analyzed first, the socioeconomic characteristics of participants and secondly, media habits and attitudes in both groups. The study showed that spectators and participants are independent of each other and their demographics differ. Also the media habits between these groups differed, especially among women. The active female sports participant, for example, has a clear preference for more sophisticated media. Female participants in general have a negative attitude towards advertising. Because of the importance of gender, the authors suggest segmenting the market into four groups (spectators/participants, male/female). The research, however, was interested in sports in general. From the perspective of marketing and sponsorship of a specific sport, it would be more relevant to focus on the spectators and participants of these individual sports, or at least subgroups like team sports.

Swedish retailing chain ICA, for example, trusts team sports in terms of communicating the right image to its target groups. "The most important thing for a retailer is to be liked because of the person and personnel, location and goods. We need partners to fit that image." says chairman of the board, R-E Hjertberg (Haneson 1995). The choice of the target to sponsor is a major decision for a sponsor in the communication with the target group.

3.4 Choice of the Sponsorship Target

By linking the product or company with an event or athlete through sponsorship, the company wants to "borrow" the image of the sponsored and to use it to enhance its own image or to increase awareness. When sponsorship works well you usually find that there is a natural marriage between the audience's perceptions of the event and the messages the sponsor is trying to send (Sleight 1989).

Otker and Hayes (1986) used the same analogy of marriage. They talk about "the perfect marriage" of the sponsor and the sponsored, which helps in reaching the target audience. For example, image effects are easier to achieve when there is a link between the sponsor and the sponsored. Examples of strongly linked products for sports might be sporting footwear, tennis rackets, and healthy foods. Linked, but not strongly, are photography, beverages and confectionery. Non-linked are alcohol and cigarettes (Otker & Hayes 1986).

The perfect marriage can also be between *the target groups* of both parties, or between *the desired image of the company/brand* and *the image of the sport/event*. And it can be between *media coverage and targeted audience* or between *the product characteristics and the credibility* of the sponsored party. Finding the link can lead to effective results. For example Philips achieved good results sponsoring the Dire Straits tour and promoting their CD players as a part of the 'marriage' (Otker & Hayes 1986).

Sometimes the spouses in the marriage are chosen to support each others' weaknesses. Cigarette and alcohol companies, like Marlboro and Martini, sponsor car racing to look masculine and virile and to avoid the negative image through borrowing the healthy image of sports. The Finnish electronics and telecommunications company Nokia sponsors sports like women's tennis to "soften"

its technical image. In the case of Nokia, the latest big co-operation agreement signed was, however, with a Formula 1 team, Tyrrel. Nokia, trying to build an international brand, chose the visibility and exposure instead of image attributes. The irony in the situation is that two days before the deal was published, Nokia stated that they are not interested in sponsoring car racing because they see it as not fitting to the image objectives of the company (Yli-Saunamäki 1995). That is a classic example how goals in different markets do not always fit together. In markets where the brand of Nokia is known, it needs image enhancement. In the markets the company is just entering, the brand needs awareness. It is, therefore, very difficult to find one particular sport to meet the criteria.

"The perfect marriage" can be attained only if both parties are committed to the co-operation. Canadian figure skater, Kurt Browning is a good example of a positive athlete. He also has a very humanist approach to business, just like most athletes. Toshiba Canada's computer and information system division was Browning's first sponsorship. Because of the personal conflicts with the company's representative, Browning had said one day: "I know we are making money here, but it is not fun. I'm having problems with this guy. Can we get out?" And they finished the agreement. With diet-Coke they did much better; and it was more fun (Browning 1991).

Adidas has definite criteria for the selection of athletes to be sponsored: firstly, how well known the athlete is, secondly, what sort of appeal the athlete has and thirdly, how credible he/she is. Because sponsorship is one of the cornerstones in Adidas' communications, the choice of the target is of major importance (Ryssel & Stamminger 1988). Ryssel and Stamminger (1988) have studied the sponsorship of world-class tennis players Boris Becker and Ivan Lendl.

The essential parts of the study were the personality profiles of these athletes. The images people had of them were quite different. Becker was characterized as a

"likeable young man next door", and popular because of his relaxed manner, spontaneity and fighting spirit. He was, however, considered as losing his temper too often and making himself too accessible to marketing. Lendl was considered as hardworking, controlled and more credible as a tennis idol, although he was not as high ranked as Becker. Becker was more popular among youth and Lendl among young adults. Lendl's personality and image were perceived to match Adidas brand image with optimal credibility. The authors conclude that sponsorship which is not based on an athlete's personality cannot be profitable on a long-term basis (Ryssel & Stamminger 1988). The finding corresponds well with the idea of "a perfect marriage".

If Ivan Lendl is a controlled personality, another top tennis player Michael Chang has been said to be even more of an uninteresting personality and he does not have any Grand Slam victories since 1989. Still he is earning 6 million USD a year. That is mainly because in South East Asia he is extremely popular and his "humble champion image plays well" there. He has sponsorship deals with three major companies on that specific market; P&G, STAR (satellite TV company) and Stelux (watchmaker) (David 1995). Lendl and Chang are classical examples of being popular players just by being themselves, and although some of the audience may find them boring, there is a segment in the market to whom they are attractive.

Most of the companies involved in sponsorship know what they are doing. According to Tenhunen and Varis (1995), 93% of the companies involved in the 1994 European Championships in track and field, had been sponsoring before and 66% had a specific sponsorship strategy. But most of them still need new ideas for implementation.

Sponsorship agencies can help companies without special units for event marketing or sponsorship to choose the sponsorship targets. The role of sponsorship agencies

has been changing over the last few years. Traditional agencies handling the selling of sponsorships and representing athletes have now competitors in research and evaluation agencies, strategic management planning agencies buying sponsorship rights, and integrated marketing agencies. The last mentioned are professionals in the use of different kinds of marketing tools (Wilkinson 1995).

3.5 Implementation of Sponsorship

When the goals are identified, the co-operation partner is chosen and target groups are defined, it is time for the most important part of the sponsorship; implementation. Implementation is communication with target audiences (Crowley 1991). It can be trying to get the image transferred, getting networking organized, promoting product awareness, ensuring that the right group of people is invited to the hospitality event, etc.

The variety of tools available is broad. According to Crowley (1991) tools of sponsorship include media coverage, event title, guest entertainment, exposure to attendance, perimeter advertising, "Heart of Action" (HOA) identification (name or logo in participants equipment), exposure to participants and advertising theme. Turner (1987) adds employee interest, a peg for point-of-sale material and high level contacts to the list. The sponsorship product can be broken down using the separation between core service and auxiliary services (see chapter 2.2). Depending on the goals of the sponsor the core service can be for example media space, hospitality or a board ad. Facilitating services can consist of free tickets to the event, the use of star athletes, or free copies of the souvenir program for the company's guests. Food and drinks are typical supporting services.

There are, however, differences between companies with different target groups. Media coverage, for example, is the primary instrument for customer and general public oriented organizations. Entertaining guests is the primary tool used by business to business companies (Crowley 1991).

Critical to the success of sponsorship is the integrative use of all communication instruments, including the exploitation of sponsorship using other forms of marketing communication and vice versa. In most cases the sponsorship deal alone is not

enough for optimal exploitation of the co-operation. For example Sprint, one of the "second-tier" sponsors in the World Cup of football 1994, spent 20 million USD to utilize the 7 million sponsorship (Kimball 1994).

Another good example of exploitation of sponsorship is Volvo, which has developed in Thailand a specific way to keep in touch with participants of the sponsored events. In the amateur golf and tennis tournaments it sponsors, there are photographers to take pictures of each participant. The photos can be obtained from Volvo showroom after the tournament free of charge. The collection of spectators' names for direct marketing purposes is also an integral part of the process (Brooks 1994).

3.6 Measuring the Effectiveness of Sponsorship

Media coverage is often referred to as a key evaluation criteria for sponsorship, because it is easy to measure. Media coverage, however, does not take into account how effective the exposure has been. The evaluation of customer awareness and images are of importance. Effectiveness research needs baseline at the beginning of the planning process. According to Burnett et al. (1993) research on the effectiveness of sponsorship has, until recently, been mainly qualitative. Sponsorship is most often a supporting part in the marketing communication of businesses. Therefore the evaluation of the results is difficult.

3.6.1 Measuring Awareness

The most widely used tool to evaluate the awareness of sport sponsorship is so called symbol recall, which evaluates the level of memorizing logos and symbols. The recall measures can be assessed on three different levels: 1) *spontaneous/unaided recall*; in which the respondent is asked, "did you see any ads during the game?", 2) *aided recall*; "did you see any beer ads?" and 3) *recognition*; "did you see this ad?" (Hagstedt 1989, Engel et al. 1991).

In *spontaneous recall* there are no 'hints' given to the respondent. The result is considered to be good if 5-10% of respondents spontaneously recall the ad. It is also common that respondents "remember" logos, which are not in the event. According to Hagstedt (1989) as many as 84% of the respondents "remembered" non-sponsors' ads. In the research during the 1986 World Cup of football the spontaneous recall of sponsors increased by 20 % and non-sponsors decreased by 75% (Otker & Hayes 1987). In the research in a major league icehockey game in Helsinki the main sponsors got a spontaneous recall from 6 to 26 % (Lampikoski et al. 1995).

In *aided recall* there is some kind of hint to jog the respondents' memory, for example the product class like beer. With a well targeted, and systematically communicated message the results of aided recall can be surprising. A brewery sponsoring a major league icehockey team in Finland was recalled by all of the fans (100%) of the team. The only "aid" in the interviews was the location (team outfit) of the ad (Lampikoski et al. 1995).

Recognition is based on showing the ad to the respondent. When the ad is shown, the respondent is asked whether he/she has seen the ad and where has it been seen (Hagstedt 1989, Engel et al. 1991).

Famous spokespersons help companies to differentiate their advertising. According to Rajaretnam (1994) sponsorship has a considerable and almost immediate effect on awareness and brand preference. For example, the best recognized print ad in a Finnish national newspaper during spring 1994 was a Toyota ad, featuring a world champion in car rally, Juha Kankkunen. The ad was remembered by 82% of both men and women (Mainosuutiset 1994). Valio, a Finnish dairy product company, used hockey star Teemu Selänne (Winnipeg Jets, NHL) in their Milk Energy TV-campaign, and received a record 94% recall in the target group. The sponsorship functions of Valio will be closer analyzed in the empirical part.

3.6.2 Transfer of the Image

Although the positive impact of sponsorship on the image of the sponsor is said to be the most important motivating factor in sponsorship, there are only a few studies done on the image transfer.

Martin (1994) presents perceptual mapping as a method to assess the fit between images of the company and the sport. When there is a fit, the firm's image is enhanced by the transfer. There are, however, three aspects that have to be taken into consideration. Firstly, because the sport image is complex, strong and dynamic, it can be transferred to a firm's or product's image. Secondly, because of that complexity, the firm must take the multiple aspects of the image into account. Thirdly, with careful planning in advance these multiple aspects can be exploited. For example figure skating is perceived as a sport requiring precision. The precision image of the sponsor can therefore be enhanced. Figure skating is also perceived as more feminine than other sports. If the feminine aspect of the image is not desirable, the sponsorship package should be carefully designed to avoid the transfer of that aspect (Martin 1994).

According to Javalgi et al. (1994) the image transfer may occur if the company already has a positive image. Again the research approached sponsorship on a generic level, and the implications of specific brand associations were missing. The definition of a good image, on the level of brand associations, is always arbitrary. Still propositions, like the inability of sponsorship to reverse negative perceptions and the novelty value of sponsorship, are worth further investigation.

Rajaretnam (1994) found that sponsorship improves corporate image as whole, but has less effect on specific image dimensions. Advertising, on the other hand, has a greater impact on product image than sponsorship. The results were based on a

unique experiment, in which a tire company used mainly sponsorship during six years. It is also notable from previous research that the transfer of image is a two-way relationship. For example, the good image of the Barclay's Bank lent respectability to football in England, while it was suffering from bad publicity (McDonald 1991).

3.7 Conclusions of Chapter 3

Sponsorship is an unique marketing communication tool including aspects of every part of traditional promotional mix. Goals of sponsoring companies are mainly communications related. Although the use of sponsorship has been increasing rapidly, there are few research contributions to the field of strategic planning of sponsorship. Research is needed on the identification of target groups to be reached through sponsorship, choosing the right sport, athlete or team to be sponsored, finding synergy with the strategic marketing of sport organization, and evaluating the effectiveness of the co-operation. The purpose of this thesis is to contribute a framework for analysis of comparative advantages of different sports (see chapter 2), and a definition of strategic types of sponsors. These frameworks will provide a basis for analysis of the efficiency of sponsorship as a marketing communication tool. The following propositions will be examined in empirical part:

Proposition # 3. *The offering of a large and diversified sport organization can support most elements of the marketing communication of a company.*

Proposition # 4. *To identify potential sponsors, a sport should match the profile of its target groups with the profile of the targets of sponsors.*

Proposition # 5. *The image attributes used in sports sponsorship are more generic than specific. Therefore sponsorship would be more effective if positioning goals were more specifically stated and implemented.*

4 Empirical Analysis

In this chapter the object of the empirical research, research problems, and the implementation of the research are explained.

4.1 The Object of the Research

The purpose of this thesis is to create a conceptual framework for marketing of sport organizations to corporate sponsors. The conceptual framework for the sport sponsorship has been developed during the research process (compare Storbacka 1994).

The strategic marketing functions of sport organizations are examined through a case study. The special emphasis is on co-operation with corporate sponsors and on the role of positioning as a part of the service marketing process. Previous literature was reviewed, and the generic models were presented in Chapters 2 and 3. The literature review works as a general guideline for the research process.

The focus is the strategic marketing of a National Sport Organization. The research is based on a case study of a national sport organization in Finland, the Football Association of Finland (FAF). Interactions between the sport organization and businesses in the development of the commercial sponsorship product have been considered as the embedded focus (Yin 1994). The embedded focus is based on case studies of two corporate sponsors. The whole study concentrates on the supply side of the sponsorship product. The demand attributes of the primary customers of sports, participants and spectators, are mainly hypothetical or based on secondary data.

4.2 Research Problems

The main problems of the research can be addressed in the form of following questions:

1) How the business, competitors and target groups are defined in sport organizations?

2) What is the offering of large sports organization to corporate sponsors?

3) Is there synergy with the target groups of sport organization and the target groups of co-operating businesses?

4) How the image attributes of sport organizations are defined, and could they be transferred to the corporate or brand image of corporate sponsors?

The research problems are closely related to the propositions made in the literature review. The first research problem corresponds to Propositions 1 and 2 in the end of chapter two. The second problem is related to Proposition 3, the third problem to proposition 4, and the fourth problem to Proposition 5 in the end of chapter three.

4.3 Research Design and Methodology

Because of the exploratory nature of the study, the research design was a combination of different methods. This kind of "multimethod" approach is also called a triangulation method. It is a combination of different methods analyzing the problem under study from different perspectives to help understand the phenomena researched. In this research triangulation was applied to both main focus as well as to the embedded focus. The methodology used is presented in Figure 8.

Figure 8. The Methodology Used in the Research

The research problem was divided into two different points of view from which the phenomena was studied, referred earlier as the main focus and the embedded focus. As suggested in Figure 8 the methods used were mainly qualitative. The goal was to see the phenomena studied from the object's point of view and to develop a

profound understanding of the process under study by evaluating it from different angles.

The first and major point of view, is from the perspective of the sport organization using a case study of the Football Association of Finland (FAF). The FAF was elected as the subject of the case study because of its international comparability and the diverse character of football as a sport. Football is the biggest sport in Finland including international teams, professional and semiprofessional club teams, youth, women as well as recreational football. In the case of the Football Association of Finland, the marketing functions of the central organization as well as the marketing of the major league teams were analyzed.

Two important prerequisites materialized with FAF, ie. pre-understanding of the organization and access to the relevant data. They are essential to avoid one problem of qualitative research; the ability of the investigator to see through other people's eyes (Bryman 1988, Storbacka 1994, Schein 1987). The pre-understanding was secured because the researcher has been working on the different levels of the organization before. Access to relevant data was secured with the close co-operation with the key personnel of FAF and their active support. Especially the secretary general of FAF had notified the importance of research and was an important "source of credibility" for the whole project. The pre-understanding and access to relevant data were further ensured with the first part of the research, in the interviews with key personnel.

Because of the personal involvement of the researcher in the everyday life of the organization, the study can be categorized as an ethnography of marketing, a study of people in organizations carrying out marketing management activities (Schein 1987, Storbacka 1994). It must be differentiated from market-oriented ethnographies, which in turn focus on the behavior of people in the market. Roughly,

ethnographies of marketing focus on the supply side of the transaction and market-oriented ethnography on the demand side (Arnould & Wallendorf 1994).

The idea is that the researcher develops new concepts and frameworks in the real world system from researcher's theoretical interests; pay is not involved from the organization (Schein 1987). Selection of the organization to be studied has been done by the researcher. According to Arnould and Wallendorf (1994) there are four distinctive features to guide ethnographer's research practice. First, it gives primacy to systematic data collection and recording of social action in natural setting. Second, it involves extended participation by the researcher. Third, ethnography produces interpretations found credible by the persons studied and by the intended audience. Fourth, ethnography involves incorporating multiple sources of data.

Participant observers or ethnographers are rarely simply just observers. There are often some unstructured interviews, examination of documentary materials and even postal questionnaire done (Bryman 1988). In this research, the involvement with the organization studied provides access to relevant documents to be analyzed. The use of questionnaires and interviews enhances the scope and breadth of this research. By combining the two approaches, the claims for validity are enhanced. The combination is used to facilitate each of the methods and the final formulation of the research problems. Qualitative methodology is more useful with the inductive approach, where the theoretical framework is to be developed.

Personal involvement in the organization provided first of all access to the relevant data. In practice involvement meant that the researcher was provided with working space at the office of the central organization. Being located "inside" the organization gave a chance to observe informal situations, and most importantly access to meetings and relevant unofficial documents. Without involvement, access to original sponsorship planning documents and to the negotiation processes would

have been impossible. Observation provided important insights as to the organizational functions, especially because the new three year planning cycle was starting during the research period.

The second viewpoint, the embedded focus, is from the perspective of sponsoring companies. It includes an analysis of existing agreements between FAF and its sponsors and semistructured interviews with two of the major sponsors in Finland. Finland Post, the major sponsor of the FAF, was selected for the study as well as a "non-football-sponsor", dairy product and food wholesale corporation Valio. The interviews were semistructured and reported as case by case descriptions. With experience interviews (Figure 8) we refer to the interviews of the players in a junior club team (n=12). These interviews helped analyze the results of the sponsorship of Finland Post qualitatively. Although there are no distributions or tables reported, the richness of the data has been tried to capture through "impressionistic" case analysis (Hirsjärvi & Hurme 1979).

Another problem in qualitative research, generalization, has not been seen as a problem in the study. The aim is to generate new understanding and a basis for future research rather than to generalize the results. The case study has been used to indicate the general conceptual categories and to generate theory rather than confirm it. Glaser and Strauss (1967) emphasize in their "The Discovery of Grounded Theory" the importance of insights in generating theory. The development of theory through insights and comparative analysis (compare Yin 1994) with existing knowledge has been used as a general guideline in this research.

4.4 The Implementation of the Research

As a beginning of the process all the department heads of FAF (n=8) were interviewed, and Strategic Planning Documents and Annual Reports were analyzed. To gain an overall picture of the marketing of top-football in Finland, the Major League of Football (MLF) (n=12) was analyzed. Marketing managers of seven teams were personally interviewed, using a semistructured interview. The rest of the teams were sent a mail survey using the same semistructured questionnaire as in the interviews (Appendix 2). The researcher gave the questionnaire to the respondents, and double-checked by phone to see if they had any questions concerning the survey. The researcher also ensured that all the questionnaires were returned.

Because of the strategic nature of the information, the researcher made the decision to not tape these interviews. Therefore the gathered material was analyzed using the notes the researcher made during the interviews. The analysis cannot be as detailed as in analyzing a transcipt, but there is the depth needed for understanding the phenomena and to gain the overall picture needed. The categorization was done using the "quasi-quantitative" format (Bryman 1988).

These interviews strengthened the pre-understanding of the organizations and helped gain access to relevant data. The key personnel for strategic marketing of the FAF were interviewed in-depth. The goal was to build the basis for the framework of the strategic marketing of sport organization based on this in-depth analysis and literature. Another goal was to find a relevant case example to further study the embedded focus. Three major league clubs were further analyzed using in-depth interviews and analysis of planning documents. The selection of these three clubs was based on the subjective decision of the researcher and on the club's success in the marketing communication competition. The competition is organized

in co-operation with the league, FAF and Veikkaus (national betting agency), and it forms the basis for the marketing of the league as a total entity. The key informants of the teams were contacted systematically during the process to keep up the reliable transfer of information. All in-depth interviews have been recorded.

At this stage, the in-depth case studies and the key informants for embedded focus were selected. The co-operation between FAF and Finland's Post was selected for in-depth analysis. The analysis of a "non-football-sponsor", Valio, will support the analysis. The marketing managers of both companies were interviewed in-depth and the relevant planning documents were analyzed. The themes for these corporate interviews are presented in Appendix 3.

The embedded focus was also analyzed from the FAF point of view. The process started with a two-hour brain storming seminar led by the researcher on November 17, 1994. All the department heads in the organization as well as leaders for the most important SMU's as well as players' representatives took part in the seminar. The material produced was categorized according to marketing communication mix (e.g. Engel et al. 1991). In the second two-hour session on January 13, the same group analyzed the offerings from the potential sponsor's point-of-view. The idea was to find out what the potential sponsor can gain from the co-operation by using specific elements of sponsorship. The findings are discussed in Chapter 5.2 and full listing of the material produced is presented in the Appendix 4.

In addition to these formal interviews and interventions, the researcher had access to meetings of various organizational subunits, 'backstage' of national team games, as well as to numerous informal discussions with key stakeholders of the organization. Analysis of these observations is based on the research notes.

5 Results

The installation "Ceci-Cela" [This-That] (Figure 9) illustrates how an object can look totally different from two angles. In this research two perspectives, the sport organization's and sponsor's, are used to help create an applicable conceptual framework.

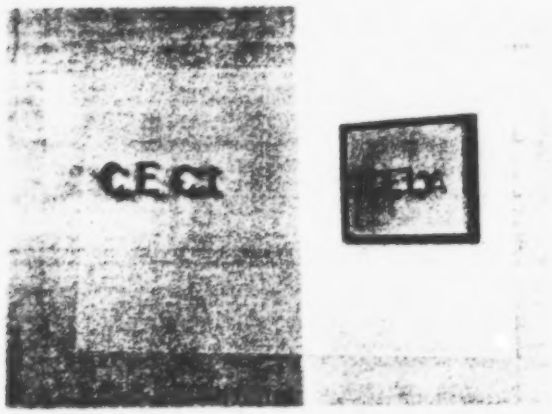


Figure 9. "CECI-CELA" (Raetz 1992)

The results of the research are presented in the following order. The chapter 5.1 provides a description of the Football Association of Finland and its marketing functions. The main focus, strategic marketing of a sport organization, will be covered in the chapter 5.2. In chapter 5.3. the offering of the elite football to the corporate sponsors will be analyzed. Chapter 5.4. will present two case studies of the embedded focus, the sponsorship function of two major sponsors in Finland.

The results will be presented in the form of an overall picture of marketing functions as well as case examples for each specific step in the model of the strategic

marketing process. The data collection of cases presented, its analysis and theory generation have occurred simultaneously.

5.1 Strategic Marketing of Football in Finland

The analysis of the strategic marketing of football in Finland is divided into two separate sections. In the first section (chapter 5.1.1) we will introduce the background of the organization and some basics of the "marketing game of football". In the end of the first section, 'the stadium' and the teams of the marketing game of football will be introduced. The second section (chapter 5.1.2) will cover an analysis of the game plan and strategies applied in the FAF and in the major league to promote the sport of football.

5.1.1 Background of the Team and the Game

In Europe, football is the number one sport in most countries, as it is in Finland. Football is the biggest participant sport in Finland with 80,000 registered players and a total of 427,000 active participants. It is the second largest spectator sport with 1.5 million spectators (400,000 in major league) in 1993. According to Suomen Gallup (1995), there were 423,000 persons who went to a football game at least once in 1994. The respective figure for the number one spectator sport, ice-hockey, was 690,000. Football is also one of the most sponsored sports.

The Football Association of Finland (FAF) is the national organization responsible for all football functions and development in the areas of competitive and elite as well as participative football. It has been organized to support the 1127 clubs and 9 district organizations to promote the sport of football.

The organizational structure and economy of FAF

The organizational structure of the Football Association of Finland is presented in Figure 10.

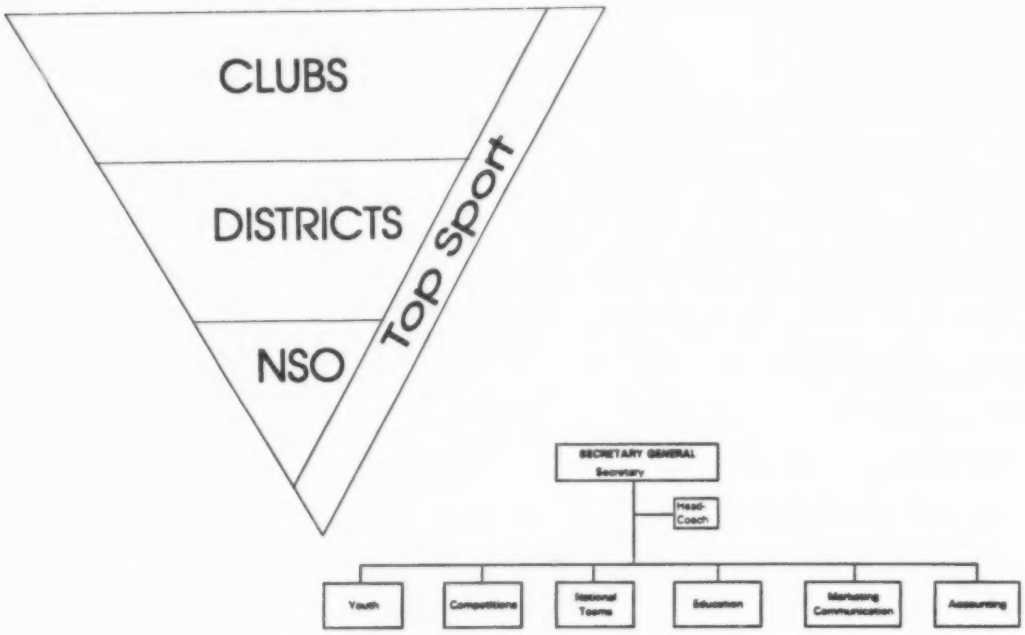


Figure 10. The organizational structure of FAF

The figure on the left emphasizes the ideology of FAF, that the clubs are the most important organizational unit. That perspective is based on the idea that clubs provide the basic services to football players. The district organizations (9) and the National Sport Organization FAF (referred as NSO in the picture) are there to support the clubs. The central organization of FAF has been divided into six operational departments, as the figure on the right shows. Each department, except for marketing communication, has a department head responsible for its functions.

Marketing communication is divided into two subunits, marketing and public relations, which both have a department head. The departments have seven committees and four working groups to support their functions. The central organization has 29 full-time and 4 part-time employees. FAF got its first full-time employee responsible for marketing in the beginning of 1990's.

The economy of the FAF has been fairly stable during last few years. The total expenditure in 1994 was 24 million FIM (2 million more than in 1993). The main sources of revenue are government subsidies (30%), co-operation agreements (25%) and membership fees (20%). For example, ticket revenues from national team games were approximately 7% (5% in 1993) of revenues in 1994 (Football Association of Finland 1995).

The ticket revenue from international games still has a great effect on "the profitability" of the association, because it is the most difficult to predict. This income was lower than budgeted in 1993 (like 1992), but increased revenue from TV-contracts (10% of total revenue) and Football Foundation (also 10% of total revenue) as well as UEFA compensations helped keep positive balance (Football Association of Finland 1994b).

As a strategic part of the FSA, accounting (management and cost accounting) is responsible of supporting the strategic business units to achieve their goals. One key area in accounting functions is to provide the state with relevant and up to date information concerning the quantity of soccer activities. This information is the base for "the result based criteria" in state subsidies for sport organizations. The information was collected systematically for the first time in 1993.

The increasing professionalism in club management is a major trend in all sports. The club teams are a major focus in the Strategic Plan for 1995-97. The main

educational emphasis of clubs has traditionally been on coaching. The need for education of managers has also been noted in FAF and the educational system for club managers has started. The committee system of the central organization is also going to be rationalized to better serve the clubs.

The International Football

There were 56 international games played by various national teams in 1994. The Finnish National Team started the European Cup qualifications with two defeats. Finland did not make it to the World Cup finals in the USA in 1994. In FIFA (the International Federation of Football) ranking Finland was 44th among 168 countries.

The National Top Football

The Football League is a separate organization responsible for organizing the national top-level football in Finland. The league was founded in 1990. The main purpose of the league is to manage and market top football to spectators and together with FAF, provide opportunities for both national and club teams to achieve international success. It has a close relationship with FAF, but has operational and decision making systems of its own. The league consists of 14 teams. The amount of teams is going to be decreased to 12 in 1996 and to 10 in 1997. The administration has a small organization, a CEO and a secretary. The league does not have a separate marketing unit, although the club managers responsible for marketing meet regularly. The governing body is the board of governors, consisting of 14 persons; one representative from each team.

The average budget of league teams in 1994 was 3,068,000 FIM (920,000 CAD). The breakdown of revenues was following: spectator fees 21%, sponsorship 54% and other revenues (bingo, TV, player transfers, etc.) 25%. Compared to for example English amateur clubs, the proportion of sponsorship income is relatively

high. In English Conference the sponsorship revenue is under 25% (Clark 1992). In professional league relative share of sponsorship is even less.

In addition to playing in the national league, the top teams also take part in various European cup competitions. These games are a good opportunity to evaluate the international standard of the club teams. There has been no major competitive success to date for individual clubs.

FAF organizes another important annual national competition, the Finnish Cup, which has been played since 1955. The cup final has been considered as a good potential for event marketing success. The event has a major partner in the Finnish Pool Company, Veikkaus. The timing of the final, however, has been changing and efforts to build the event into a great happening have not been successful. The parallel events in the other Nordic countries have been a success for a long time. The main problem with the marketing of the cupfinal is the absence of marketing responsibility for the event. Most of the planning is concentrated on the competition itself.

Other competitions

There is also a separate organization taking care of the series below the Major League. Sarjaseurat (the Serieclubs) is controlling the divisions from I-III, and women's Major League. The major task is to support the individual teams in their marketing efforts. There are no major sponsorship contracts or promotions by the central organization.

The situation is similar in other competitions controlled by FAF. These competitions, like the leagues for youth teams, are organized to provide possibilities for club teams to have high quality competitions. These competitions are of major importance from a player development point-of-view.

There are also some efforts to utilize these competitions from a marketing perspective. The information systems have been used to promote e.g. national team games. The databases, however, have not yet been developed. The whole system of result and online services is of major importance for active spectators and followers of the sport. The masses of participants, coaches and officials are an important target group for all promotions of football.

Marketing of Football to Participants

There are 82,000 licensed football players, of which almost 60,000 are under *15*-year-olds. According to Suomen Gallup (1995) there were a total of 159,000 under *19*-year-olds playing football in 1994. Football is the number one sport in that age category; icehockey is second with 150,000 participants.

Marketing of football as physical activity has been targeted to under *18*-year-olds through clubs and schools. The communication has been forwarded through "missionaries"; coaches and physical education teachers. The word-of-mouth communication has been supported by courses for teachers, PR-happenings, balls and other material, literature and videos. The aim is to decrease the drop-out by providing possibilities for both competition and activities without competitive goals. The FAF has also a very close co-operation with the church. The product development of participant football (e.g. street football) for adults is under progress.

The satisfaction of young players of football is of major importance in the strategies of FAF. An overly competitive orientation has been moderated eg. through FAIR PLAY -competition, in which the most youth oriented clubs were rewarded. The competition is one part of a player centered ideology, in which the goal is to produce

football experiences according to the individual players' needs. The player centered ideology also includes aspects for promotion of the sport to spectators. Players, especially the players on the top level, have been seen as the keys to provide positive experiences to spectators by playing "for real". This approach is best characterized by a comment of head of coaching education of FAF:

> *...[player] is the one to produce positive experiences to spectators. Home team victory is an important factor. A kind of "never-say-die" ideology gives an image that the player is playing for real, and for the audience.*

The competition from other sports has not been seen as a threat. On the other hand, the overall passiveness of children (for example because of videogames) has been seen as a threat to football activities. The competitive advantage of football is its easiness to practice and low cost. Football as a participant sport is in a similar strategic position to football (soccer) in Canada. Because of the high program attractiveness and strong competitive position, football can be grouped into the enhancer category (Thibault et al. 1994).

FAF has three main corporate sponsors for youth football. These companies have started the co-operation because of the sport's suitability for their corporate image and goals. The youth football is sponsored by insurance company Pohjola, candy importer Master Foods (Snickers) and alcohol manufacturer/wholesaler Alko, which has a legal obligation to promote healthy drinking habits. Through a network with the Federation of School Sports, FAF is also co-operating with the license manufacturer of Coca Cola.

Football is an important activity for adults. There are over 20 000 licensed adult players and the total of 105 000 (over 19) adults playing football for fun. The "street football" and "rink football" series are organized on the local level and provide an important source of revenue for local organizations. The main problem in the

marketing of football as a physical activity is the difficulty of getting publicity in the media. The main interest of the Finnish sport journalism is in top football (Football Association of Finland 1994d).

Organizationally, the Department of Youth Activities is responsible for marketing of football as a physical activity. According to the Corporate Image Study (1994) the main areas of development are football schools, Fair Play education and increasing the number of participants. These goals are also clearly stated in the Strategic Plan for 1995-97. During that time, the main goal is campaigning for the 100,000 licensed players (1994 82,000). The aim is to reach that number during 1997. A special campaign to reach this goal will be executed.

5.1.2 Marketing and Communication of Football as a Top Sport and Entertainment

The spectator product

The national teams (including the Finnish National Team, the Olympic Team, women's, boys' and girls' national teams) played 56 official international matches in 1994. The Olympic Team (U21) was the most successful winning all of their official games in European Cup qualifications. There was a total of 36,800 spectators at the international home games. The Finnish National Team attracted 28,500 spectators to their 4 home games (average 7,125/game). In 1992 the national team attracted an average of 13,000 spectators in their three home games against Bulgaria, England and Sweden. The year 1993 was exceptional, because the Olympic stadium of Helsinki was under repair and all the national team games had to be played in smaller stadiums in other cities. A time series analysis of the attendance in national team games would not give any basis for comparing the year to year fluctuations for additional two reasons. First of all, the number of the games fluctuates depending on the stage in European or World Cup qualifications and exhibition games. Second, attendance is highly dependent on the opponent. European top teams, like Holland in 1989, can draw up to 46,000 spectators, when an opponent like San Marino hardly draws 5,000.

The national team games have national coverage on TV. Finland-Spain in June and Finland-Scotland in September 1994 for example attracted audiences of 230,000 and 300,000. Compared to other sport programs the figures are low. For example a hockey play-off game in 1994 attracted almost a million TV-spectators. According to the research by national broadcasting company YLE the demand for football is much lower than the present supply on TV. Only major events, like the World Cup, attract most Finnish sports fans. For example, the 1994 World Cup final got a TV audience of 870,000 (Jääsaari 1994).

The main forms of promotion for national team games are publicity in the media and advertisements in the print media. All national team games get extensive coverage in all national newspapers and on TV. Information about the opponents and the Finnish team is systematically distributed through a network of football journalists (over 100). They are provided with "insider" information directly from national team coaches as well as from the head of Public Relations. The FAF organizes regular informal meetings with members of the network. According to the corporate image study, this publicity is of major importance to the marketing of football and has still to be increased. Another problem is the tone of journalism around football. FAF officials are worried about the negative attitude of journalists toward the sport. According to them the message sent to the audience is that "football is boring". The head coach of the Olympic team complained:

It seems to be forbidden to write positive things about Finnish football.

When deciding which potential spectators should be targeted, the factors considered are the degree of involvement with football (e.g. registered players and their parents) and geographical location (the closest districts). The main method of marketing communication (in addition to publicity) is advertising. FAF also does some direct marketing to the clubs in Helsinki (city where the most national team games are played) area, to schools and to companies.

The total advertising budget of national team games in 1993 was 170 000,- (~50 000 CAD) per game. With the total ticket revenue of 1.1 million FIM (350,000 CAD), and realizing the existence of extensive free publicity, the advertising can be considered extensive. The media selection consists of different types of print media; mainly of national newspapers. One vehicle used is Futari magazine, which is free for all licensed players and has 192,000 readers.

The advertising strategies during the last years have included promoting the international stars of the opponents (like Gullit, Stoichkov and Limpar), national stars (like Litmanen, Paatelainen), the "Game of the Century" (Finland-Holland; a soldout with over 46,000 spectators), the leadership of coaches ("is [the picture of the head coach] leading Finland to victory?"), world championship (Finland-Germany), and the beginning of the fight for European Championship (Finland-Scotland). A typical example of the advertising is shown in the Appendix 5.

The amount of advertising has been increased as a result of the sponsorship agreement with Posti 1994. According to the agreement, Posti is paying part of the additional print advertising. Along with the agreement there were other changes in contents of the campaigns. With Posti paying for most of the advertising, they also provide the use of their own advertising agency. The agency took a more image-based approach than the previous, product oriented, campaigns. A typical example is shown in Appendix 6. According to the marketing department of Posti the campaign received positive feedback. Based on the attendance figures, the effectiveness of the campaigns is impossible to evaluate.

Because there are only a few national team games each year, most football attendance is at major league games. The decreasing number of spectators has been considered as an extensive problem in the major league (Figure 11).

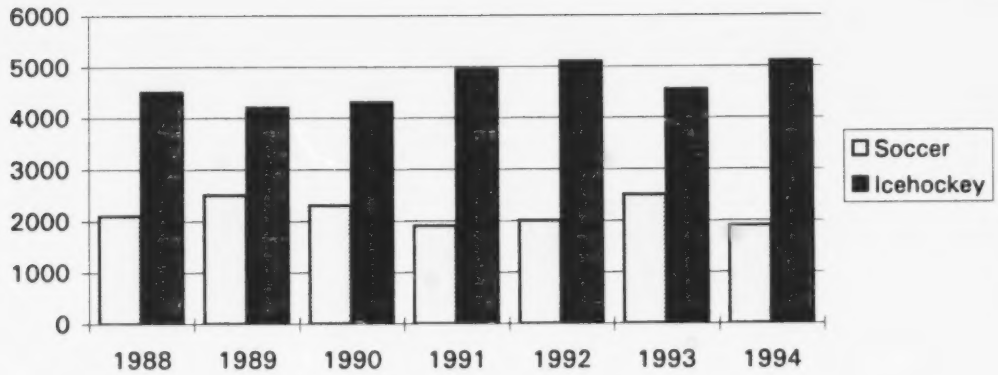


Figure 11. The Average Number of Spectators in Major League Football and Icehockey Games 1988-1994

The figure shows that there is actually no steady trend in the number of spectators during the last seven years. The number has been fluctuating between 1900 and 2500 per game. However, the trend seems to be that whenever the spectator figures for hockey increase, the figures for football decrease. The spectator figures for major league are also low on TV. The ten broadcasted games in 1994 received an average audience of 180,000.

The major tools used by league teams in their marketing communication to spectators are also advertising (especially print and radio) and publicity. One third of the clubs uses TV advertising. The extensions used in games include music, food

and drinks for most clubs. Celebrities, pre/post-game activities, product presentations and give-aways are also used to attract more spectators.

The Sponsorship Product

The total revenue from co-operation agreements with businesses is about 25% (~1.9 million CAD) of the annual revenue of FAF. It consists mainly of sponsorship. The national team has one major sponsor, the Finland Post Ltd (Posti). The Posti agreement has been selected for indepth study in this research. The case analysis of the agreement will be presented in chapter 5.4.1.

In addition to Posti, FAF has two larger co-sponsors, insurance company Pohjola, and the pool company Veikkaus, and three official suppliers, Adidas, Select (balls) and Finnair. Every agreement, except the package of Team Fair Play members, is tailored with the respective company.

The co-operation with Pohjola (insurance company) is based on the direct sales of company's services to the FAF. Pohjola sells the insurance, which is compulsory for all licensed players in Finland. Although the net income from these policies is hard to estimate, it is reasonable to assume that the amount exceeds the sum of the sponsorship agreement. The sponsorship is directed especially to support youth football. The major part (financially) of the agreement is directed to Fair Play competition for clubs. Although FAF provides Pohjola with title sponsorship in national youth tournament and a certain amount of visibility in publications and in major games, there is no measurement of results of the sponsorship. From that perspective, the agreement can be considered more as a supplier deal than commercial sponsorship. The implementation of the plan divided into two separate parts from Pohjola's perspective; the youth tournament is organized by insurance sales division and the Fair Play competition by the advertising department. It is also notable that the chairman of the FAF is a retired vice president of Pohjola.

Veikkaus (the Finnish Pool Company) has a state monopoly of betting in Finland and the company is co-operating with all major sports in Finland. The co-operation with FAF is extensive and despite the special nature of the company (state owned) it can be considered as a major sponsor of FAF. Veikkaus is the title sponsor for both in the major league, Veikkaus-league and in the Finnish cup, Veikkaajan (the magazine owned by Veikkaus) Cup. Veikkaus receives an extensive advertising coverage in major league, cup, and first division games. The co-operation includes marketing project for major league's and highest divisions' clubs. The goal of the project is to improve the systematic marketing of clubs and to function as an information and innovation trading channel. FAF is providing Veikkaus with not only the national competitions as objects of betting, but also information of international, especially English, leagues. The co-operation is important both as a source of revenue (the monetary value of the agreement exceeds the sum of all the other contracts), but also an important source of marketing expertise and knowhow.

The supplier agreements with Adidas, Select and Finnair include trading of services. In exchange for media exposure associated with national teams, the companies provide FAF with a certain amount of goods and services or discounts on services.

There are also two "supporting clubs" for companies, the so called Team Fair Play, consisting of 12 companies, and the Team Nice. The latter has started 1995, and is functioning as a source of revenue for women's and girls' national teams. Both the Team Fair Play and Team Nice (pronunciation of 'nice' means 'woman' in Finnish) can be best categorized as "romantic" sponsors. Romantic in a sense that the relationship is based more on personal interest of managers than on commercial purposes. Companies can, however, utilize the benefits of membership in for example public relations. Benefits for both Teams are in the form of tickets to national team games, advertisements in game rosters, advertisement in Futari magazine, and some personal benefits for the contact person (like a trip to the

women's world cup final in Sweden). The low cost strategy is adopted in the selling of these packages.

The search for sponsorships for Olympic Team, women´s national team and for some national competitions are in progress. The tailoring of the sponsorship offerings according to companies´ needs have been seen as a major problem. Analysis of the marketing communication functions of potential sponsoring companies and targeting were mentioned as key problems by marketing personnel of FAF.

The sponsorship product has been noted in the Strategic Plan for 1995-97 as a vehicle to improve the quality of the football product itself. Examples of this approach are notions like "In marketing of international games more visibility will be gained through co-operation with sponsors..." and "(the so called Talent-system)... will be supported by a group of corporate sponsors". The FAF has not been doing any research on the effectiveness of sponsorship. Some of the major sponsors, like the Post, do research of their own of the effectiveness of the sponsorship.

In the major league, the sponsorship revenue is in average 54% of total revenue, and the share varies from 31% up to 78%. As explained earlier the share of sponsorship revenue is considerably higher compared to professional sports teams. As an individual industry, breweries are sponsoring football most. Half of the major league teams are sponsored by breweries. Other important industries sponsoring major league teams are insurance, sport equipment, and food manufacturing and retailing. One of the (top) teams has studied the satisfaction of sponsors systematically. According to the study, the offering and marketing know-how of the team were appreciated. The weak attractiveness of football compared to for example icehockey was seen as a major problem.

As a conclusion of the marketing of FAF and the major league, the overall picture of the marketing game of elite football in Finland will be presented in the form of ...a football game (Figure 12). In next chapters this game will be analyzed first from the strategic marketing point of view and secondly from a corporate sponsorship point of view.

Figure 12. The Marketing Game of Football. The Players and Spectators.

According to the figure, the home team, FAF and the league, have various important players. Mega stars as strikers, national team as playmaker, league teams as defenders, and international games as goalkeeper. All the players are important for marketing success. The mega stars and success in international games are especially keys to success and will build basis for marketing. The competitors are other sports, entertainment in general, and other forms of leisure and media (as an advertising tool). Participants form the basis for sport; without participants there will be no national top players. Volunteers and officials are also important groups in providing both participant services and elite games. Public sector has been placed under participants and volunteers, because the major benefit for public sector (and to society in general) comes from the sport as physical activity.

Spectators are the most important asset for sport as entertainment. With spectators the sport can attract corporate sponsors. Sponsors are willing to market their products or services by using sport as a media. Although sport can be considered as a media itself (for spectators at the stadium) other media, especially TV and newspapers are important for sports to get wider exposure. Therefore the media is presented in this picture as a link between spectators and sponsors.

In the comment of the Olympic team head coach is the essence of not only the football game, but also of the marketing game:

> *Football is never a game of the coach. It is either a player's thing or then it is a spectator's thing. When no one pays for it, it is a player's thing. When someone pays for it, it is their thing. ... to win the game you have to find you own way of playing, from your own starting-point.*

5.1.3 Analysis of Marketing Strategies of FAF and the Major League

The Definition of Business in FAF is product oriented. Football itself is in major focus and the idea of organizational development stems from the internal needs of football. Most of the major league teams (2/3) have also defined their area of operation as sport or sport entertainment. The comment of the secretary general illustrates the approach:

> *I think the area of operation is football, ..., and another framework might be the general area of sport, in which football is in major role.*

A product orientation is widely spread in nonprofit organizations, because the demand for the product or service exceeds the supply. That is the case for FAF; there is a great demand for football as a participant sport. Although the annual drop-out has been evaluated to be 20,000 (almost 25%), the number of participants is still increasing. The underlying assumption is that football has enough "pull" in the market, so systematic definition of target groups is unnecessary. That is essentially true for young players. The game itself is popular and children are interested in it. Increasing participant figures suggest, that the problem is not in attracting players but rather in keeping them.

Organizationally FAF has adopted geographic segmentation to provide services to clubs and through them to participants. The structure of FAF consists of the central organization and nine district organizations. The club teams operate on the local level and also in the case of national competitions directly under central organization. The club teams have been seen as the most important "front line personnel". Another comment from the secretary general describes the situation:

> *But originally the organizations are there to provide participants an activity and spectators entertainment. Associations, as a matter of fact, have been born when active people have decided to form some kind of alliance to play football. It is not like the minister of education [responsible for sports] has said, that everybody has a chance to go out and run or play football without organizations. Of course they can, but they are willing to belong to an organization, which often is a club. Then the clubs have formed districts to organize games and they have organized national organizations to provide national series. And all because of the participants needs.*

The comment also emphasizes that the club system had originally been customer based. The problem is, however, how customer needs are taken into consideration at the moment. The marketing function is not based on the needs of the primary market. With product centered orientation, the changing needs in the field are difficult, if not impossible, to take into consideration. Although the organizational pyramid is already turned "upside down", the role of primary customers, participants and spectators, are not defined in the model (Football Association of Finland 1994). The definite analysis of front line customer orientation, however, would need a study of club level functions and needs of customers.

Koski and Heikkala (1994) have studied the changes in Finnish national sport organizations more holistically, just like for example Kikulis et al. (1992) in Canada. Koski and Heikkala state that the different interests of voluntary workers in clubs and professional managers on the national level may cause problems. Although the results on competitive markets and strategic approach (i.e. the professional management) are the focus of this thesis, the data shows that the problem of organizational conflict has an effect on the planning functions. In the words of the chairman of FAF:

> *There is a dilemma between the needs of the teams and seeing the total picture.*

The dilemma is relevant for a diversified organization with exchanges involving both non-monetary costs (compare Kotler and Andreasen 1987, in chapter 2.1) and social/psychological benefits on the one hand (like in participant product), and commercial benefits (like in sponsorship) on the other are included. The approach used in the marketing to sponsors and spectators is something between product and selling concept. The assumption is that the right product is being produced, but that it still needs some promotion.

For example the promotion of national team games to spectators has been targeted according to the football involvement (expected loyalty status) and geographic location. No demographic or psychographic variables are used. In major league the teams are targeting the spectator mainly based on age (to youth) and on football interest.

Targeting to sponsors is based on the football interest of the company. The approach is like "jumping over" the first step, macro segmentation, in Wind & Cardozo's (1974) typology (see chapter 2.3.2) and leads easily to a non-commercial relationship. Because of the non-commercial nature of the corporate involvement in the past, the personal relations and the idea of patronage have been important for many corporate decision makers. In that case, the relationship cannot be called sponsorship as we have defined it. It is also notable that as many as 1/3 of the major league clubs do not have any criteria for targeting sponsors. That is mainly because the traditions of commercial sport sponsorship are not long, and a large amount of sponsorship could still be labeled as corporate philanthropy. The ideology of "every dollar is welcome" still exists even on the national top level. On the other hand many sponsors are involved in sponsorship, because "I [CEO] am proud to be a sponsor of [team X]".

Some major league companies have developed databases of the sponsors they have or have had, sponsors of competitors and natural linkages to other potential sponsors. For these clubs the segmentation of the companies is based on the analysis of the database information. The analysis is based on the insights of the individual manager. As a marketing manager of one of the teams said: "that is where my expertise is needed most".

The Analysis of Competition, like the definition of target groups, has been limited by the product oriented definition of the area of operation. The other sports, and to some extent other leisure and cultural activities as well, have been seen as competitors. Other sports have been perceived more as "good" competitors than rivals. In other words, the competitors are more often seen as complements than substitutes. The competition with other sports is concentrating more and more in competition against other team sports. The development of new participant sports, like floor hockey, into competitive sports has been considered as a threat. The missing external analysis, and therefore missing benchmarks, has lead to overoptimistic expectations, especially in terms of selling the sponsorship product.

The presence of TV has been seen as a threat to attendance on the stadium, just like other potential leisure activities. The TV contracts are still necessary in the distribution of national team games to the areas from which there is no chance to go to the stadium. New people are trying to be attracted without changes in the product. In the product itself, the basic extensions, like restaurants and music, are used, but the idea of Augmented Service Offering has not been utilized (see Grönroos 1990 for the concept and Lipponen 1994 for applications to sport). The existing product development approach can be characterized by a comment made by the chairman of the board:

> *I do not think that it [extensions] is the right way. ...[the right way would be] better quality of the game itself, better teams, more offensive game,..., and more goals.... That makes it more entertaining.*

International success, i.e. development of the core product, has been seen as the most important factor to increase the attractiveness of the sport. Also the infrastructure in terms of new stadiums and indoor facilities are in focus in the Strategic Plan for 1995-97. The reasoning behind these developments is changing international regulations and the need for all-year-round training facilities, and to some extent expected needs of spectators. There is no study done on the needs of the existing and potential spectators.

In major league, other sports, leisure and vacations in general and other forms of entertainment have been seen as major competitors of spectators. Other sports are clearly the most important group of competitors of sponsors (for 50% of clubs). It is notable that 5/12 clubs state that there is no competition. The claim is based on the perception that a football event is so unique, that it has its own niche in the market.

Internal Analysis of FAF has been systematic. It is partly based on the internal accounting system, which is also going to be developed on the district level. The Result Based Data from the National Sports Council and the Corporate Image study (Football Association of Finland 1994) also give a good framework for internal analysis. According to the data, football is very strong in terms of participants and there is also further potential especially in marketing the game to adults. Football has a competitive advantage, because it is cheap to practice and the fields are accessible to almost everybody. As mentioned before, the enhancer strategy (Thibault et al. 1994) is applicable for FAF in terms of marketing to participants, and like one of the major strategic goals (increasing the number of participants over 100,000) shows it is also adopted.

The 1990's has been a time for investing resources into internal marketing, cohesion with important stakeholders like the league, internal education to improve service quality and also improving the relations with international federations like UEFA

(Europe) and FIFA (World). The *Strategies* of FAF are internal stakeholder oriented and support the goal of the central organization to provide service for the club organizations. The adopted slogan "For the Clubs, Serving the Best Interest of Football" supports an internal orientation. The club orientation is also based on the decision making system of FAF, in which the representatives of districts (clubs) accept the strategies for three year periods. For example, the strategic goals for 1995-97 are based on the Corporate Image study (Football Association of Finland 1994). The study was done mainly among the internal stakeholders. The primary customers, participants and spectators, were not involved. The main goals for 1995-97 are increasing the number of participants to over 100,000, international success of the national team and club team level, development of the year-round facilities for national and international needs, and strengthening the vitality of club organizations through GREEN LINE -program. Each goal has a specific *implementation* program.

Although the general elements of sport marketing (to participants, spectators, sponsors) are not used as a basis for strategic planning of FAF, the adopted generic strategies are fairly obvious. Principally, the marketing to participants in FAF has followed a low cost strategy, marketing to spectators "stuck in the middle", i.e. some aspects of all generic strategies, and marketing to sponsors broad differentiation, based mainly on intuition (compare Porter 1980 in chapter 2.3.4).

As explained in the previous chapter, the ultimate goal of the low cost strategy to participants is to get the sport accessible to everybody. In marketing to spectators, targeting has some characteristics of both industrywide and segment-only approaches. In terms of sponsorship, it is very important for FAF that the main sponsors' values match the values of football, and that the co-operation can support other goals than just financial. Therefore the central organization keeps control of the negotiations of major agreements. The selling of individual board ads has been outsourced to an external agency, and to some extent they are "mass marketed".

As proposed in the end of chapter 2 (Propositions 1 and 2), it seems apparent that the marketing of an amateur sport organization is not market oriented, but relies on its uniqueness. And in a national organization like FAF, the higher weight is on participants. The marketing function is also undifferentiated. We suggest further that the marketing concept and the use of target marketing would increase the effectiveness of the organization and value added for both sport organization and its customers.

5.2 The Offering of Sponsorship

There are various unutilized possibilities for sponsorship in a large and diversified sport organization like FAF. The potential offering to corporate sponsors was analyzed through a brainstorming seminar described in chapter 5.4. The output from the seminars is presented in Appendix 4. In summary, it was noted that sponsorship has services to offer to support every element of the marketing communication mix. We have divided the sponsorship offering here according to substitutability for the traditional promotional mix (e.g. Engel et al. 1993); advertising, sales promotion, public relations and personal selling. The fifth factor considered here is internal marketing.

Advertising goals of companies can be supported with board ads, program ads, pregame ads in newspapers and using athletes in company's campaigns. In a sport like football with high visibility in all major media, associated advertising can reach the audience at the stadium, TV audience, readers of the newspapers' sport sections, and football players through direct mailings.

Media coverage is the key factor for the advertising value of sponsorship. If the target group is the participants in the sport, Futari magazine and direct mail (FAF can offer a mailing list) can be powerful tools in reaching the group. Even narrow groups, such as coaches, can be reached through special publications. The controllability of the message can vary a lot depending on the medium used. For example, in paid ads with athletes/events as spokespersons, the quality of the message is easy to control, whereas the visibility and especially the quality of a board ad on TV is largely beyond the control of the organizers. TV regulations restrict the size of ads, and although the placement of cameras can help the visibility of certain ads, the total exposure time depends on the flow of the game. Because the game usually has a certain form, the board ads can be priced according to the

potential exposure time. There are also sponsorship agencies specialized in calculating the exposure time and estimates of the comparable advertising time.

Sales promotion related goals can be supported through giveaways and exhibitions (eg. sport equipment) to stadium spectators. Participants can be reached through coupons connected to licensecard. Every registered player receives the card as a proof of registration. The evaluation of the effectiveness of sales promotions can be organized more easily than the evaluation of advertising, for example by monitoring the return of coupons.

Sport sponsorship has also a lot to offer in terms of public relations. VIP-tickets are one way to entertain stakeholders. Coaches and players can visit a company's events; coaches as a source of inside information of games and players as celebrity guests. FAF could organize an international tournament for businesses, providing chances for networking.

Personal selling can be implemented by using players selling company's products in stores, or by setting up a market area at big events. A successful athlete can be an effective source of credibility for both sports fans and the general public. Centralized buying of FAF can be substantial in some product categories, as the example of insurances has shown.

The fifth element of corporate marketing communication, which can be supported by sponsorship is internal marketing. The company can use the teambuilding know-how of the coach or e.g. the captain of the team in internal education or buy tickets for personnel to promote cohesion of the company. FAF expertise can be utilized in organizing various sports happenings, like tournaments, competitions and retreats. The company can benefit through increased fitness and teamspirit of employees.

In major league teams there is a tendency to cover more and more of the outfit with advertisements. The amount of advertisements in outfits makes the effectiveness of individual advertisements questionable. An example in Appendix 7. shows that even the team logo has been left out because of the ads. Although outfit advertising and board ads form the basis for sponsorship, clubs are trying to find new ways to build up sponsorship packages. Hospitality services for own stakeholders, opportunities for networking with other sponsors, use of top players in corporate advertising and sales promotion are used by teams gaining most revenue on the sponsorship market. Some of the clubs also provide the companies with inside information of the team and games.

Multilayered and multipartner co-operation are characteristics of effective sponsorship co-operations. By multilayered sponsorship we refer to sponsorship including various parts of traditional marketing communication mix. In the co-operation between Posti and MyPa (a major league team) in 1992-1993, for example, the services were not limited to board and outfit advertising, but included the use of a top-player (Jari Litmanen) in advertising, promotion of electronic mail system, promoting the image of the letter and internal education of Posti personnel by the team coach. The multilayered (and multipartner) co-operation between Posti and FAF will be analyzed further in the next chapter.

With multipartner or network co-operation we refer to sponsorship which helps the sponsor to communicate with other sponsors. Examples of this kind of approach are the Finnair/FinnPa partnership, where the airline sponsors its former recreational team and also brings in many of its business partners. Some major league teams have major sponsors in manufacturers or papermills in the area. In one case, the "marriage" with a papermill is not only a link to some of the business partners of the mill, but also important for the city; "both are promoting the city X, separately and together."

An essential characteristic for the rental of the image of sport is the overall popularity of the sport, leading to visibility in media and to stadium/TV attractiveness. The popularity, in terms of acquiring sponsorship, might be based on international success (football as a sport), manager's personal interests (based e.g. on his own background as a player) or megastars (Jari Litmanen). The competitive advantage of football is its visibility in all major media, international star players, and a high number of participants, especially young, to be targeted directly. Although the stadium attendance is not the highest of sports, there are enough spectators to build an attractive event. Further research is, however, needed to define the competitive position of football among sports and to define the value of sponsorship compared to other forms of marketing communication. Between different teams in football, the differentiating characteristics are: success in national competitions, international games and the amount of national team players/stars in the team.

As proposed in the end of chapter 3 (Proposition # 3) a top level (amateur) sport organization example shows that sponsorship can, in fact, support all elements of the marketing communication of a company. Although the controllability of the quantity and quality of the message, as Meenaghan (1991) suggested, is more difficult than for example in advertising, sponsorship can target specific segments effectively. The following case studies show how that can be implemented in practice.

5.3 Case Studies of Corporate Sponsors

In this chapter two case studies of corporate sponsors are presented. These case examples provide a closer look at sponsorship and give the depth needed in developing a framework for sport sponsorship. The selection of the cases was based on the study of FAF. The first indepth case company, Finland Post (Posti), was selected because of its multilayered involvement with FAF.

The other case company had to fulfill three criteria in order to be comparable to Posti, but still provide variance. First of all, it had to be about the same size in terms of net sales. Secondly, it had to be a consumer goods company. And thirdly, it had to be involved extensively in sponsorship. Valio, a dairy product and food wholesaler, met these criteria. It is a consumer goods company (with milk as its major product), and it has been involved in sponsorship for a long time.

Through the eyes of these two companies we will get a corporate perspective to the sponsorship. Next chapters will cover the description and analysis of the cases.

5.3.1 Case Finland Post Sponsoring Football

Background

Posti is a large Finnish company with net sales of 4.8 billion FIM (about 1.6 billion CAD) and main operations in private and business mail. It was the biggest state owned enterprise in 1993 and was privatized from the beginning of 1994. It is now among the 30 biggest private companies in Finland according to net sales. The major part of revenues comes from business clients. Posti is also a labor intensive company with over 24,000 employees. There were some major changes made concerning the sponsorship functions in the beginning of 1995, when the director of marketing communications moved to the department of internal communications. The indepth interviews of marketing assistant Hautamäki, who is responsible for the sponsorship functions and the director of communications Seppälä, who is responsible for external communications, are included in this study.

Why Sponsorship?

Posti does not have a very long tradition of sponsorship; they started systematic sponsorship in the beginning of 1990's. Before that the weight has been on product advertising, but along with the recent use of image advertising, sponsorship has become more important. Posti has three major targets of sponsorship: FAF and football in general, opera singer Karita Mattila, and javelin throwing.

Posti has four major goals for sponsorship based on the marketing communication strategies: 1) to support sales, 2) to enhance and develop corporate image, 3) to enhance customer and stakeholder relations, and 4) to serve internal marketing. With supporting tools of marketing communication like sponsorship, Posti thinks they can send more personal messages to target groups compared to traditional communications. The image criteria is important in the selection of the target; it has to fit the goals of Posti.

As a company which services almost everyone, Posti has a broad potential customer base. Reaching all groups of customers requires a diversified group of tools. In sponsorship, the segmentation idea has been utilized by sponsoring football, which helps in reaching the majority of people interested in sports. In addition to football, Posti sponsors two totally different persons; opera singer Mattila, who can help in reaching more elitistic people and javelin thrower Räty, who is a total opposite to an opera fan, reaching the bluecollar people.

In its sport sponsorship, Posti is willing to rent the positive image of sports. Although the goal can be considered as qualitative, Posti makes detailed, clear agreements and implementation plans for every sponsorship it is involved with. In the case of football, all the levels of sponsorship goals are covered.

How?

The ideology is to concentrate primarily on one sport at a time, right now on football, and building a network of targets on different levels of the sport. The agreement between Posti and FAF started in 1994 as 1+1 deal, and continued in 1995. The only change in 1995 was made to include the national team of women in the contract. Prior to the FAF agreement Posti already had an agreement with major league team MyPa 1992-93. The FAF deal also includes an agreement for advertising campaigns before every national team game. The value of that part of the agreement has been estimated to double the value of the agreement (incl. media space and creative work of the ads). Posti's sponsorship network in football is presented in Figure 13. It is translated from the original document provided by Posti March 8, 1995.

TEAMS	***National Teams*** Men	Women	***The League*** Men	Women	***I Division***	***II Division***
			MyPa	HJK	KTP	Fc Santa Claus
INDIVIDUALS	***Jari Litmanen***	through national team and Ajax				
	Antti Sumiala	men's national team				
	Anne Mäkinen	women's national team				
YOUTH	***Football Schools***	***Ponnistus***			***Grankulla IFK***	
OTHER	***Trade Union***	***Players Association Internal series***				

Figure 13. The Network of Posti's Sponsorship Targets in Football

The figure shows that Posti is involved in several levels of football, from national team to football schools. With multilayered co-operation, Posti is willing to gain synergy. They are still cautious of not producing mixed messages. A comment by their communications director illustrates this approach well:

> *There is synergy in concentrating on one sport. And we have been careful that Posti is not playing against Posti; we will sponsor only one team on each level.*

The statement is a good example of one of the key dilemmas of sport marketing; on the one hand teams are co-operating in the production of games and on the other hand competing.

The main reason why Posti chose football and FAF as major partner, was that it had had a good co-operation with a major league club team, and Litmanen was a rising star and moving to one of the top teams in the world, Ajax Amsterdam. Posti was

willing to continue the co-operation with Litmanen to provide the company with a dynamic, international profile. The FAF and national team were a natural choice. The finding supports McCarville's and Copeland's (1994) proposition, that "...proposals offered to partners who have been rewarded by past partnerships will be more successful than will those directed to sponsorship neophytes."

Football was also perceived as a good vehicle to reach wide audiences and the masses, because it is very popular and widely spread. Football was also perceived as a relatively "fresh" sponsorship target, without connections to the images of old partners. The co-operation with the national team was build on a vision of success; European Cup finals in 1996.

According to Otker and Hayes (1987) the message to the target group will reach the target group more effectively, if the company/product and the sponsorship target are linked, or "married". Because the linkage between products and services of Posti and football is not very strong, those linkages were created. Litmanen receiving fan mail (see Appendix 8.) and emphasizing the message of international service worked out well. Another, more conceptual, linkage was developed in the form of slogan "Posti is Team Play".

The primary goals of the co-operation are: sales to FAF and its stakeholders, enhancing Posti's corporate image especially on attribute "international" with help of the national team and Litmanen, utilizing the extensive contacts football has, enhancing service marketing and PR, and acquiring new tools to internal marketing. The message, "Eight million deliveries a day", and products like E-letter (electronic mail), stamp collecting, and bus services, are communicated to the target groups. Litmanen and the national team form the basis for the sponsorship, other elements have been built to utilize the co-operation on different levels.

In enhancement of the corporate image the target group consists of people following sports. Tools to reach them are logos in players' outfits, ad campaigns using Litmanen, postcards as tickets, logo/ads in all FAF material and fan posters of Litmanen. Because advertisements are not allowed on the game outfit of the national team in official games, extra exposure for the co-operation is gained through pre-game advertising. These advertisements help to reduce one of the disadvantages of sponsorship mentioned by Meenaghan (1991, see chapter 3.1), uncontrollability. By keeping the planning of the advertisements in their own advertising agency, Posti is able to control both the quality and quantity of that particular message.

The goal of Posti is to affect decisionmakers of companies as "individuals" through sponsorship. The company assumes that the attitude of the general public towards the company is based on their interactions with Posti in their everyday life. The attitude guides also their decisions as managers. How efficient this kind of "targeting managers as part of general public" approach is, can be argued.

Marketing of services like the E-letter, postcards, bus services, stamp collecting, and "PTSuora" (direct marketing channel) is targeted to FAF and its stakeholder companies, football fans and players. Posti tries to get the message of "The E-letter is fast" through FAF usage of it. The media used to promote the E-letter and other services are direct marketing, ads in media and FAF material. FAF uses Posti's bus services. The service marketing confirms the notion made in chapter 3.1 that sponsorship has also an effect on personal selling. As in this case the selling can be to the sport organization or to its stakeholders by using sponsoree as a "salesman".

Public relations also utilize the positive image of Litmanen and the national team. Clients interested in sports will get the message "Posti provides positive experiences" through organized trips to national team games. Through sponsorship

Posti can also enhance important stakeholder relations with other sponsors; for example Veikkaus and Pohjola are also important partners of Posti.

The fourth factor in Posti's sponsorship, internal marketing, aims at providing personnel with good and healthy activities. The tools of implementation are internal football series organized by FAF, and the help of FAF personnel in Posti's internal education.

The role of an advertising agency is important in the implementation of the sponsorship. Posti's own agency plans and implements the pre-game advertising together with the marketing department of FAF. Because of the MyPa co-operation, Posti also has linkages to another agency co-operating with MyPa. This agency is responsible for the development of the effectiveness evaluation. The network is important for providing new ideas for both sport organization and the company.

In Posti's case there are many special "gimmicks" used to gain recognition for the co-operation; tickets can be used as postcards, a yellow ball is used in games (even in national team exhibition games), there is a stamp of Litmanen, and before the game yellow miniballs are thrown to the audience. Just like the pregame advertising campaigns, these specialties help in creating the link between Posti and football.

Results

Posti has a systematic follow-up of the sponsorship. The costs are compared to the benefits using sales of services as one indicator and the value of exposure in media as another. The calculation of exposure is based on the weighted amount of contacts. The weight for each element of sponsorship is based on the quality of contact. For example personal contact in the form of presence in the VIP event is estimated to be 1000 times more effective than one contact through the mass media.

According to the results obtained using this method, the sponsorship has been very cost effective. There is no research, however, done on the primary target group.

The changes in Posti's corporate image are followed by a corporate image survey. However, key attributes for football sponsorship, such as active-dynamic-international, were not included in the survey. This supports the assumption that image attributes are of generic nature, and used more as "soft" than quantifiable measures of perceptual position.

A survey of a team of 17-year-old football players showed that the sponsorship of Posti is well remembered. 50% recalled it spontaneously and 11/12 players remembered it in aided recall. Litmanen sponsorship was noticed especially in the Futari advertisements. Players who had been at national team games remembered the yellow balls (thrown into audience, and the giant balls in corners of the field) well. The impression of co-operation is positive, just like the image of Posti in general. The created linkage between letters and Litmanen had reached the target group fairly well. As one of the respondents mentioned:

Posti delivers your mail around the world safely.

5.3.2 Case Valio: Sponsorship Enhancing Corporate and Product Image

Background

Valio is a dairy product and food wholesale company with net sales of 5.2 billion FIM 1994. Major revenue comes from milk products (about 50%), and cheese (about 25%). Company is the major advertiser in Finland; 44.1 million FIM 1994. Rule of thumb is that marketing budget is 1% of domestic net sales. The company faced deregulated competition 1995, and had to put greater emphasis on brands. The Valio brand is used for corporate marketing and for 4/5 products. (VALIO 1994, Korhonen 1995, Niiniluoto 1993)

Why Sponsorship?

Marketing function in a large and diversified company like Valio has multiple strategies used at the same time. The company has four main product categories with their own marketing functions. The company has also a marketing communication director responsible for corporate advertising and sponsorship. The special characteristic of Valio is that its primary product, milk, has also a major effect on the whole corporate image. The new challenge, in deregulated competition, is to promote VALIO milk, instead of just milk. The role of corporate image has more weight also, because most products are marketed under the corporate brand name.

In the development of the corporate brand and changing the image of milk from "countrylike" and oldfashioned towards modern and acceptable among youth, Valio has utilized segmentation of the market and used famous spokespersons to reach those segments. Through segmentation and sending different messages by different spokespersons, Valio has been able to modify its image. In all target groups, however, the basic message is the same; "Milk is healthy". The healthy and dynamic image projected by famous spokespersons can be found in top sports. Therefore Valio is willing to rent the image of sports stars through sponsorship.

How?

There is an enormous supply of sponsorship offers to Valio, and according to the director of marketing communications not more than 0.1% will be accepted. Valio has a policy to concentrate on a few long term projects in order to utilize them in marketing. Valio has two major sponsorship agreements with individual athletes, one with NHL hockeyplayer Teemu Selänne and the other with figure skaters Susanna Rahkamo and Petri Kokko. Valio also sponsors the Olympic team in alpine skiing and track & field (European Championships 1994, Finland-Sweden event 1995). The Selänne and Rahkamo & Kokko sponsorships are presented in more detailed.

1) Teemu Selänne, Winnipeg Jets

The co-operation between Valio and Teemu Selänne started in 1991. The new owner of a Helsinki icehockey team Jokerit, former Whitbread-around-the-world sailor, contacted his ex-sponsor and suggested a sponsorship agreement with the team. Because Valio already had a contract with another major league team, they were not willing to sponsor another. At the same time the spokesperson of Valio's Milk Energy campaign (to promote milk for youth), rally driver Ari Vatanen, was finishing his career and the focus was more on internal marketing and stakeholder meetings. Therefore Valio was searching for a new partner to create and maintain a youthful and dynamic image for milk. The team manager suggested co-operation with the team's rising star, Teemu Selänne.

The personality of Selänne seemed to fit into Valio's image; healthy, natural, active and most importantly, a milk drinker. The main question was: is he popular enough? The marketing manager of Valio made a survey among 13-14-year-old girls, who were part of the target group. It proved that Selänne was well known and admired "in the right circles". This happened before the championship season of Jokerit 1991-92, so the deal was relatively inexpensive.

The success of Jokerit and especially of Selänne, his draft to NHL, and success in Winnipeg Jets followed rapidly. A new question for Valio arose: can we sponsor a "foreign" player? On the other hand Vatanen (a rally driver sponsored for over 10 years) had lived for most of the time of the co-operation abroad, and because the popularity of Selänne was enormous, there were no real obstacles for not continuing the co-operation.

The successful rookie season in Jets was utilized in the form of a TV commercial campaign in fall 1992. The ad was filmed in Winnipeg, because authenticity was perceived to be very important in the target group. The campaign was a success. After 16 times running on the air, it reached the recognition of 94% in the target group.

Valio bought the image of Selänne to attach it to the milk and corporate image. Selänne was a part of a Milk Energy campaign with young people as the primary target group. The transfer of the image of the athlete to the image of the product (milk) was successful. Selänne was part of the new, "softer", ideology of 1990's; it is natural to be yourself, and positively differentiate from masses, for example by drinking milk instead of beer. Selänne has been a very prestigious association for Valio and the perceived cost/benefit ratio has been good.

2) *Susanna Rahkamo & Petri Kokko, European Champions and World silver medalists in figure skating*

The other larger project Valio has in sports is the co-operation with the European champions in icedancing, Susanna Rahkamo and Petri Kokko (R&K) promoting LaGala 'superpremium' icecream. Just as milk is promoting the whole brand of Valio, LaGala is promoting the whole line of Valio ice cream on image level. It is targeted to women between 25-45 years old. Just like in the case of Selänne, the personality

of the athletes was the decisive factor in entering the sponsorship. The co-operation also started before R&K had international success. The fit between the personality of the athlete, their sport (mixture of sport and art, elitistic, most spectators women) and the product was good. Although Valio's evaluation of perceptions of athletes is not as detailed as Ryssel and Stamminger (1988) reported (see chapter 3.4), the criteria is identical to those of Adidas'; the athlete has to be well-known, have a certain appeal and be credible.

The whole advertising of LaGala was based on sponsorship of R&K, including a TV campaign and newspaper ads starting in January 1993. The co-operation is exactly what Sleight (1989) referred to by "theme incorporated into advertising". The European Championships in Finland in spring were utilized effectively using stadium exposure, postcards, posters, pins, etc. to support media campaigns. Consumer marketing was combined with industrial marketing. After the competition, LaGala gained for the first time in its history larger market share than its number 1 competitor, Mövenpick. In 1994 the ice cream group stopped using R&K, but was forced to adopt them back after their major success in European championships in 1995.

An important factor both in Selänne and R&K TV campaigns has been that the ads have been of very good quality. The combination of the quality of art with the high quality sport stars in the film production has proved to be an effective tool of communication. Like in Posti/Litmanen case, paid advertising using athletes is one way to control the message of sponsorship. The fit between the sport, R&K and the product worked well and Valio was able to project La Gala as a Finnish and a more prestigious product than the main competitor.

According to the product manager responsible for La Gala:

> *"The effectiveness of sponsorship is very difficult to evaluate. The effect on sales, there is no clear trend to either direction in sales statistics, there are so many factors affecting the sales of a product like LaGala. The clear positive effect has been the effect on the image of the product. It looks like that because of the sponsorship we have been able to get rid of "follower" image, which LaGala has had in comparison to Mövenpick. Rahkamo- Kokko brought an original and recognizable image. They both represent in their own classes Finnish skill and Valio (=elite) class."*

3) Other sponsorship projects

Milk Masters is an event built around the sponsorship of the Olympic team of alpine skiing. Because the sport does not have any stars to be utilized in advertising, Valio built up its own event with a "show" purpose, to work as a media to utilize sponsorship. An upscale event for young adults featuring all the top skiers of the country was started. The concept gained wide publicity, but after five years it has grown too much in an elitistic direction to promote milk. Valio started to organize another series of Milk Masters for high school students. In 1994 five happenings with 10,000 students were organized and the concept is still being developed. The sponsorship of Olympic alpine skiers is a classic example of the "chairman's syndrome", where the board level enters an agreement and the marketing department has to try to utilize it.

There are also some smaller, local projects adopted for example for "logistical reasons". The policy is, just like in Posti, to get the smaller projects to support the main sponsorship agreements. Therefore the incentive to be involved in eg. icehockey events is higher compared to other sports.

Results

There is always a risk in sponsoring individual athletes. The personality might not match with the company's goals, the athlete might be injured for a long period of time, the success does not come as expected. Or like in Ben Johnson's case; Valio had an extensive campaign sponsoring him before the Seoul Olympics 1994 where Johnson got caught for using anabolic steroids. On the other hand messages like "why didn't you stay with milk, Ben?" brought possibly some positive publicity as well.

Valio's case proves that higher risk provides also higher returns. Valio has been able to utilize the positive characteristics of sports and individual personalities extremely well. The selection of targets has been successful; Selänne and R&K are not only attractive in the target group, but also for the general public, for retailers and for sales force (Merimaa 1993).

Posti based its measurement of results on media exposure evaluated quantitatively, but Valio emphasizes the measures in primary target groups (recall measures). The marketing communication director of Valio points also out the importance of the quality of the exposure:

> *"I have never believed that press clippings and similar things should be collected. One good example is Ari Vatanen, [rally driver] who is missing from the list, because we do not have a contract with him any more. But we had a deal for 13 years. We never collected any press clippings, but we have done everything from TV ads, and it was a great thing. I would say that a much better thing is that, compared to the visibility of the logo, is that the product is clearly connected with the person. Vatanen for example cheered the victory with a glass of milk [instead of champagne], which worked a lot better than the logo in the uniform. It went through very well. And even with the negative comments, I feel that it is just evidence of a good implementation. It has been such a long story that he has become a national "milkface"."*

As proposed in the end of chapter 3 (Proposition # 4), these two case studies show that sports can match the profile of its target groups with the profile of the target

groups of a company. Football is using a massmarketing approach in its marketing to participants, so is Posti in its marketing of mail services. Valio's LaGala wants to reach a specific group of people, 25-45 year old women. Figure skating can provide access to that group. We proposed also (Proposition # 5) that image attributes used are more generic than specific. According to these cases that is not the case. The image attributes defined in these cases are specific (international, modern, luxurious), but the problem is in evaluation. Although the corporate image might be evaluated by the company, the attributes stated in sponsorship objectives are not necessarily included.

6 Introduction of Strategic Types of Sponsorship and Typology of Sports

The purpose of this chapter is to develop a synthesis of the material presented earlier in this thesis. The synthesis will be developed through comparative analysis. The main focus is the strategic marketing of a national sport organization, and because of the nature of the relationship with corporate sponsors, the businesses' point of view is closely incorporated. The comparative analysis is based on the literature covered in this thesis, on the case studies described in previous chapter, and on the researcher's experience base as well as insights during the involvement in the functions of FAF. We aim to explore the different characteristics of sponsorship, and explain different sponsorship strategies adopted. The primary function of the conceptual framework is to provide a theoretical basis to be quantitatively verified by future studies.

The theoretical framework will be presented in two parts. The first part will explore the Strategic Types of Sponsorship. It includes discussion of benefits of different types of sponsorship to corporate sponsors. In the General Model of the Strategic Marketing of Sports (Figure 3, chapter 2.3), the typology forms the basis for understanding the needs of different sponsors (steps 2 and 3). As Thibault et al. (1993) suggested, the approach helps in understanding the contextual factors, related in this study to the strategic marketing of sport organizations.

The second part, Typology of Sport Organizations, gives a framework for internal and competitive analysis of sport organizations (steps 4,5 in the model in Figure 3). The typology is based on expected benefits of sport sponsorship. The detailed suggestions for future research and applications of the framework will be made in the chapter 8, Conclusions and Recommendations.

6.1 The Strategic Types of Sponsorship

In the definition of potential customers of the sport sponsorship product, the recognition of adopted sponsorship strategies by companies is of major importance for a sport organization. Understanding the corporate goals of sponsorship helps in identification of optimal segments to target. On the other hand, by defining a clear strategy for sponsorship, a company is able to use the sponsorship media more effectively. Based on the case studies and the secondary data, we suggest the following framework (Figure 14) for understanding the types of sponsorship strategies companies have adopted.

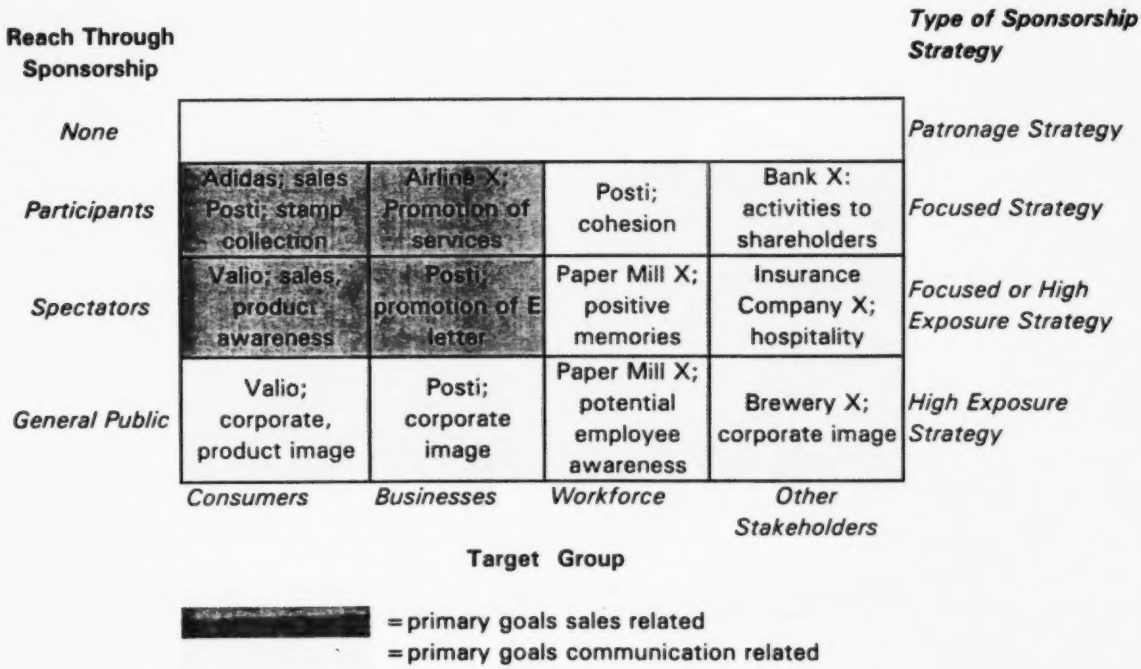


Figure 14. Categorization of Sponsoring Companies Based on Target Groups and Potential Reach Through Sponsorship

The figure illustrates the two basic dimensions related to the targeting function of the business; the target groups that a sponsor has, and the potential reach of the media in use, in this case sponsorship. The target groups presented here are consumers, businesses, workforce and other stakeholders. Other stakeholders include for example shareholders, local community, and key decision makers like politicians.

The sponsorship as a medium can provide access to participants and spectators of the sport, general public or none of them. Participants refers to all active participants of the sport as well as to the internal stakeholders of the organization, like volunteers, officials, etc. The spectators are all fans of the sport, whether following it in the stadium, on TV or in newspapers. For simplicity, spectators also include other sponsors of the organization. General public refers to the whole population of the country or area.

The types of sponsorship strategies are defined according to the access they provide to the stakeholders of a sport. A strategy with no reach whatsoever is called a Patronage Strategy. An example of Patronage Strategy is an anonymous donation to children's football team. The Patronage Strategy has been widely adopted by companies co-operating with nonprofit organizations. To be consistent with the definition of sponsorship in this thesis, it cannot really be called a sponsorship strategy. That is why it is shown separately from the sponsorship strategies in Figure 14.

A Focused Strategy targets participants or spectators of the sport. The benefit for a sponsor is reaching a specific group of people. If there is a strong link between the product marketed and the sport, this strategy is appropriate. For example, Adidas is using this strategy in sponsoring football. Through sponsorship it will reach the potential buyers, the players, easily. Other types of companies with strong links to sports are apparel and sport drink manufacturers.

Even if there is no strong link, the Focused Strategy can be used. Posti focuses on the participants of football promoting stamp collecting (philately). Posti tries also to improve cohesion among employees through sponsorship. Organizing internal football series is a way to implement this strategy. Participants in the sport can be external stakeholders to the sponsoring company. A bank, for example, can reach its shareholders by providing them with sports related activities.

A Focused Strategy can also be used to reach spectators of the sport. The strategy has potential either to directly promote sales or provide specific image associations in an identifiable target group. Valio is using this strategy in the marketing of LaGala to spectators of figure-skating, and promoting Milk Energy to icehockey fans. A Focused Strategy to spectators is possible, when the spectators have some specific characteristics in common. In the case of figure-skating, the spectators are mainly women, the target group of LaGala. Other sponsors of football are main targets in the promotion of Posti's E-letter. A papermill is able to reach its workforce in a relaxed atmosphere by providing them with positive memories of sports events. An insurance company, for example, could aim to enhance its goodwill, and tentatively affect legislation, through targeting politicians spectating the sport.

The High Exposure Strategy is based on the reach within an unspecified group of spectators or on the potential reach within the general public. High visibility in the media provides a sponsor with increased awareness and can enhance the generic image of the company or product. For example, Valio sponsors athletes who are also popular outside the primary target group; among general public, retailers and own sales force. Posti is trying to enhance its corporate image among the general public. The primary goal, however, is interesting. Through enhancement of the corporate image among general public, Posti is willing to target decisionmakers of businesses. As proposed in the case description (chapter 5.3.1) the efficiency of the approach is likely not great. In the effort of promoting potential employee awareness

a papermill can also adopt a High Exposure strategy, as well as a brewery can aim to enhance its corporate image in a local community.

The High Exposure Strategy has an essential requirement; the sport, team or athlete sponsored must be known outside "sport circles". In other words, to have an effect on the general public, the team must be wellknown in the community or the athlete has to get publicity outside the sportspages. In terms of sponsorship, the use of individual athletes as spokespersons to reach the general public is more common than the use of teams. Jari Litmanen and Teemu Selänne in Finland, as well as Michael Jordan and Wayne Gretzky in North America (even in the whole world), do not have to have their names fine printed on the bottom of the screen, when they appear in advertising campaigns. However, specific sports, like downhill skiing, can be used in advertising campaigns without sponsorship contracts, because the sport itself cannot be copyrighted.

Any combination of a company's target groups and the stakeholders of sports to be reached is possible. The use of multiple target groups and various tools of sponsorship is the fourth general type of sponsorship strategy called Multilayered Sponsorship. Both Posti and Valio are using this strategy. Although various target groups are trying to be reached and multiple methods are used, the sponsor has to be conscious of not sending confusing messages (compare Aaker 1991). In practice that means not to send more than one message to each target group.

The two zones highlighted in the graph illustrate the primary goals of the businesses; sales or communications related. The primary goal of Posti, for example, targeting the stakeholders of FAF promoting E-letter and bus services, is to increase the sales. And when Valio uses Selänne as a spokesperson in its ads, it is trying, primarily, to enhance the product image of milk. The goal is to rent the modern and dynamic image of Selänne and attach it to milk.

One of the key problems in this research was to find out if there is synergy between the target groups of sport organizations and businesses. In the next chapter we will analyze how sports can meet the criteria of different sponsorship strategies of companies. The Typology of Sport Organizations can help the sponsoring companies in evaluation of potential sponsorship partners, and sport organizations in their internal and competitive analysis.

6.2 The Typology of Sport Organizations on the Sponsorship Market

The main focus of this research is strategic marketing of sport organizations. The needs sport organizations are willing to satisfy on the sponsorship market are those of actual and potential sponsors. Corporate sponsors have two major goals in their sponsorship strategies: to get exposure in the media and/or reach a specific audience with a specific message. We call these two dimensions Visibility and Positioning Power.

By Visibility we refer to the actual existence in the media and the attractiveness of the sport in terms of numbers of participants and spectators. The criteria for Visibility are the number of spectators (stadium, TV), media (press) coverage and the number of participants. These are of a quantitative nature. Visibility is mainly driven by the general awareness of the sport, number of star athletes, and the success of the sport.

By Positioning Power we refer to the qualities of the sport (or team/athlete) which make it different from its competitors. It can also be called the brand equity factor of a sport (compare Aaker 1991). The qualities are more perceptual and more subjective than in the Visibility factor. The suggested criteria for Positioning Power of sports are the personality of star athletes/teams, specific product attributes of the sport, service quality and the potential for specific targeting.

The first attribute in Positioning Power is *the personality of an athlete or a team.* Rahkamo & Kokko, and Teemu Selänne are examples of positive loading on this attribute. Teams can also have specific identities or "personalities". Three major league teams in Helsinki, HJK, FinnPa and Ponnistus, all have different characteristics; HJK is the most elitistic, Finnpa the most colorful and Ponnistus is

closest to the "grassroot level". Semantic differential scaling (compare Ryssel & Stamminger 1988) is the easiest way to measure this attribute.

Product attributes of the sport are the second attribute. Attributes like skill, speed, and 'IQ' have been related to football. An attribute like aesthetics is typical for figure skating. Perceptual Mapping (see Martin 1994) can be used to measure this attribute.

With the third attribute, *service quality*, we refer here to the quality of different extensions of the core product, most often an event (see chapter 3.2). It is a combination of expected and perceived quality. For example advertising campaigns and promotions can create positive expectations, and positive atmosphere, halftime shows, hospitality services etc. are ways to meet them. The key factors in creating high quality extensions are the infrastructure and the creativity of the personnel associated with the event. Different kinds of service quality research techniques are ways to measure this attribute.

With the fourth attribute of Positioning Power, *the potential for specific targeting*, we refer to distinctive demographics, psychographics, and behavior of participants, spectators, or other sponsors. For example, the audience for figure skating (women/girls), and participants in football (youth) are more distinct than those for many other sports. A sport can also provide access to other sponsors (Posti/Pohjola, Veikkaus) or to other relevant organizations (Veikkaus/English League). With distinctive participants, a sport might have a special event potential, like the example of Milk Masters of alpine skiing proved. Volvo has also used this approach by sponsoring sports (tennis, golf, alpine skiing, horseback riding) with participants of

upscale lifestyle. Analysis of the characteristics of the stakeholders of the sport (eg. demographics data and available databases) are ways to measure this attribute.

The suggested typology of sport organizations based on these two dimensions, Visibility and Positioning Power, is presented in Figure 15.

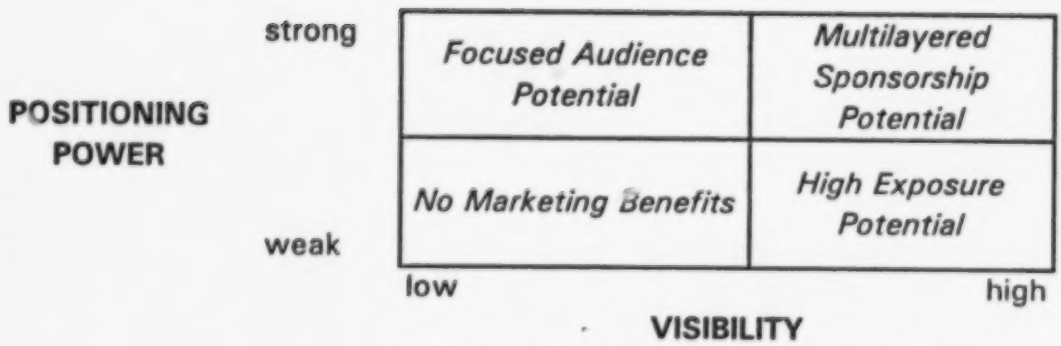


Figure 15. A Typology of Sport Organizations

The four categories for sport organizations are called: No Marketing Benefits, Focused Audience Potential, High Exposure Potential and Multilayered Sponsorship Potential. With low visibility and weak positioning power a sport organization has difficulties in finding marketing benefits for a potential sponsor. The corporate

sponsors co-operating with sports in this category are using Patronage Strategy. The reasons for co-operation have to be somewhere else than in marketing benefits, like in personal relations. A possible international example in this category might be water polo.

Strong positioning power but weak visibility in the media gives the potential sponsor a chance to reach a specific audience. An example in this Focused Audience Potential category would be horseback riding. If the positioning power is low, but visibility high, the sponsor faces High Exposure Potential. Internationally volleyball might fit into this High Exposure Potential category.

A sport with both high visibility and strong positioning power has all the "star" qualities. A potential sponsor can plan multilayered co-operation with the organization(s), consisting of both exposure and focus. The weight on marketing can consist of either one or both of the dimensions. An international example of a sport in this Multilayered Sponsorship Potential category is football.

International or national success and star athletes will give extra advantage to every category, because they increase both visibility and positioning power. Also the marketing know-how of the sport organization can give it a competitive advantage. It can be built as the third dimension of the framework. The attributes in marketing knowhow are the internal knowledge of the organization and the use of external consult agencies.

Because collecting reliable primary data on all of the attributes would have been well beyond the resources available for this thesis, we will illustrate how this approach can be applied using secondary data and subjective evaluation of the researcher. The Figure 16. demonstrates the categorization of a selected group of Finnish

sports according the two dimensions. The values for each attribute are presented in Appendix 9.

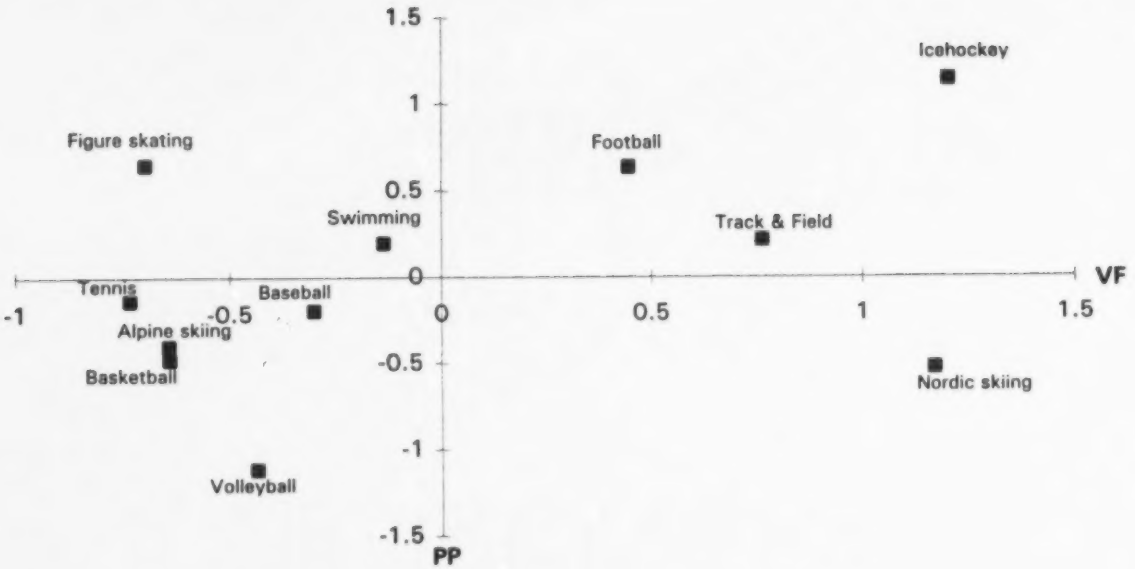


Figure 16. A Typology of Finnish Sports based on Visibility and Positioning Power

According to Figure 16. swimming and figure skating are categorized in the Focused Audience Potential. Although both sports have fairly low visibility in the media, the success and personality of the top athletes in both sports give them a competitive advantage. Nordic skiing has High Exposure potential. The sport has great visibility and many stars, but it does not have the qualities to provide positioning power for corporate sponsors. The low positioning power is based on the "massmarket" nature of this traditional sport.

Icehockey, football and track & field are in the Multilayered Sponsorship Potential category. These sports, especially icehockey, have not only visibility in media, but also characteristics to provide corporate sponsors with a wide range of possibilities for implementation of sponsorship.

Most of the sports in this sample (volleyball, basketball, alpine skiing, tennis and baseball) are in the No Marketing Benefits category. That does not necessarily mean that these sports have nothing to provide to sponsors in marketing terms. The categorization is arbitrary for two reasons. First of all, all sports are not included in the sample and standardized values of attributes are used in calculating the aggregate values. There are no weights used to emphasize the importance of individual attributes. Therefore the figure gives us the comparative, rather than absolute positions of these sports. For example, the limits for No Marketing Benefits could as well be on VF=-.5 and PP=-.5. In that case none of these sports would be in the category of No Marketing Benefits.

Secondly, the analysis of relative benefits of sports on the national level does not take the variance of costs into account. The actual value for sponsor, however, depends on the cost/benefit relation. If the contact price of sponsorship of a swimming event is considerably less than the price per contact sponsoring football, more value can be gained from sponsorship of swimming. The evaluation of the total value has to be, however, based not only on the amount of contacts, but also on the quality of them. In this model, the Positioning Power dimension represents the quality of contacts. The pricing differences between sports, and even between teams/clubs in a particular sport, have to be analyzed before the total value can be defined.

If we analyze the sports with the lowest visibility (tennis), and with the weakest positioning power (volleyball), we can see that both of them have a large participant base (Appendix 9.). Especially tennis can compensate for its low national visibility with local targeting power. With marketing knowhow and innovation in extensions even sports with low visibility and positioning power values, like volleyball, could build successful sponsorship partnerships. The national sport of Finland, Finnish baseball, is a good example. In the absence of "natural" wide media coverage, marketers of the sport have created visibility for the sport. The case of Valio/Milk Masters is also a good example of the innovation of sponsor to utilize a sport with no marketing benefits.

All the figures on which the categorization is built on, are based on national aggregate values. A potential sponsor on a local or provincial level with less resources available, is not necessarily interested in national coverage. The local level categorization of sports is not necessarily identical with the typology presented here. The similar comparison of sports, or for example teams, has to be done on the level needed.

The main purpose of this categorization is to provide a framework to analyze the offering of national sports to corporate sponsors. Until recently, the development of the field has been mainly the responsibility of sport organizations. Because of the rapid development on the field, even sports with low visibility and positioning power have been able to acquire sponsorships. Especially entrepreneurs in Multilayered Potential sports like icehockey have been extremely successful.

With the acceptance of sponsorship as an effective marketing communication tool, the sponsors have taken more and more initiative. The field has also professionalized in terms of sponsorship consultants. The idea and innovation of an

effective sponsorship can be originally from any of these groups, or a common effort of all of them.

7 Conclusions and Recommendations

The purpose of this thesis was to analyze the strategic marketing functions of amateur sport organizations and especially the development of the sponsorship product. Because previous research on the field has not identified a theoretical framework for sport sponsorship, the contribution of this thesis was to introduce one. The framework was developed through a comparative analysis of contributions in previous research, analysis of case studies, and the researcher's insights during the research process.

The main problems of this research were addressed to analyze the sponsorship from two perspectives. The main focus concentrated on the strategic marketing of sport organizations and the embedded focus on the sponsorship strategies of companies. A prescriptive model of strategic marketing was used as a general guideline during the process towards a more context specific framework.

Based on the case study of a large, national sport organization in Finland, we propose that the product concept is applied in most nonprofit sport organizations. The marketing is concentrated on the core product of the sport. Internal stakeholders are clearly identified, but external environment and the markets have not been systematically analyzed. There is still a tendency for customer orientation, but the situation seems to be like Levitt (1988, p. 19) defined, "the service is defined by looking into the mirror rather than out of the window". As Levitt suggested we can call this "we are in the sports business" approach myopic.

The target groups of co-operating businesses are defined according to corporate and product related goals of marketing. Large companies have various simultaneous marketing strategies, and the goals of sponsorship are tied to these general strategies. It is, however, difficult for a sport organization to obtain

information about those marketing strategies. Most of the marketing communication campaigns have traditionally been advertising-centered and planned by advertising agencies. Advertising agencies have not been using sponsorship as a primary tool. The sponsorship co-operation has been mainly on the initiative of a sport organization. As the case examples showed, when sponsorship is used as a strategic part of marketing communications, positive synergy can be found. For example the use of figure-skaters Rahkamo & Kokko as a key component in the promotion of LaGala icecream was effective.

When sponsorship is used as a tool of strategic marketing, identification of target groups is of major importance. As suggested in the conceptual framework in chapter 6.1, there are four context-specific strategies applied by sponsoring companies; Patronage, Focus, High Exposure, and Multilayered. Sport organizations can be divided into four types according to their visibility and positioning power, as suggested in chapter 6.2. The four types, No Marketing Benefits, Focused Audience Potential, High Exposure Potential and Multilayered Sponsorship Potential, help sponsoring companies to choose their targets. Identification of these types can help sport organizations in their internal and competitive analysis.

Our application to Finnish sports illustrates that the visibility factor can be assessed using quantitative data, whereas the positioning power factor mainly relies on qualitative data. The image attributes of sport organizations in primary target groups are mainly generic, related to general attitudes towards sports. To have positioning power, sport organizations have to go beyond mere visibility and generic image levels. Some sports, and especially individual athletes and teams, have distinctive positions in the market. If a sport's brand personality is distinctive enough, it can be rented to the sponsor. Using a systematic approach and combining sponsorship with other forms of promotion, the image of a sport organization (or athlete, team) could

be transferred to the corporate or brand image of sponsors. The transfer is not, however, easy to evaluate in the presence of other marketing efforts.

The categories suggested are broad and they have to be further tested with empirical research. The research provided, however, an initial theoretical framework for sport sponsorship. Because of the participation of the researcher in the everyday situations of the sport organization under study, the quality and depth of the material gives profound understanding of the marketing process in the organization. The case studies of two companies sponsoring sports also provided the indepth insight needed to build up the conceptual framework, and the material reflected the problem under study well. The context validity of the research, as well as the reliability of results, can therefore be considered as good.

Future research is needed to empirically verify the assumptions made in this research and to test the conceptual framework. First of all, our exploratory study suggests that customer orientation is not adopted in nonprofit organizations. The proposition and the whole strategic marketing function of sport organizations needs empirical data from different types of sport organizations. Secondly, to verify the conceptual framework presented in this thesis, there is a need to closely analyze the positioning power of sports, and to find out what is the actual difference in the visibility of sports.

The positioning power should be studied among primary customers using the attributes presented in the framework; personality of star athletes, product attributes of sport, service quality and the characteristics of patrons. The goal of future research should be also to find other potential factors affecting the positioning power. Both visibility and positioning power attributes can be compared to other available forms of media; TV, magazines, arts, other forms of leisure etc. The relative effectiveness of different forms of media could be analyzed.

We argue that the strategies used by sponsors are identical with the types presented in this research. To what extent each strategy is used, and how intentional they are, require further study. Information of different types of companies adopting different strategies would provide essential data for segmentation purposes. The evaluation of results companies are getting from sponsorship, as well as the efficiency of the strategy, have to be based on data from primary target groups.

We also argue that by identifying the types of sport organizations already in the planning stage of sponsorship, both parties could gain more added value in the co-operation. How the best correlation between the type of sport organization and marketing goals of sponsoring company can be found, has also to be verified by future studies.

The pricing differences between sports, and even between teams/clubs in a particular sport have to be analyzed before the total value can be defined. A similar comparison of sports, or for example teams, has to be done on different levels; amateur/professional, and national/local. The pricing and value of sponsorship should be studied in comparison to traditional media.

The ultimate goal of studying sport sponsorship should be in developing a model based on assumptions and implications into a theory based on facts. By testing the predictions and propositions made in this research, we can try to find those facts, and help develop more efficient ways to utilize sport sponsorship in the real world.

We started with a metaphor from ancient Japan and will conclude with one from modern day USA. Economist Robert B. Reich (1992) analyzed the new global economy in terms of a global web and transformation of production in it. The sport

sponsorship is facing similar development from high-volume to high-value. Reich identified three skills driving high-value businesses forward. These skills, problem-identification, problem-solving and strategic brokerage are applicable to the development of the sponsorship product. Sport marketers have to help companies understand their needs and customize services to meet them. They also have to find unique ways to create outcomes to meet the needs, as well as strategically manage and finance ideas. The concept presented in this thesis gives theoretical framework to better understand the problem. And it helps managers to identify opportunities in sport sponsorship.

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Interviews

The Football Association of Finland:

Pentti Seppälä, chairman of the board, March 24, 1995 (t)

Pertti Alaja, secretary general, March 14, 1995 (t)

Adil Ismail, marketing assistant, June 22, October 4,1994, and February 7,1995

Jyrki Heliskoski, Olympic team coach, Feb. 21, 1995 (t)

Lennart Wangel, director of national teams, June 28, 1994

Esko S. Lahtinen, director of public relations, June 21, 1994

Teuvo Holopainen, director of accounting, June 2, 1994

Esa Furuholm, director of national competitions, July 7, 1994

Simo Syrjävaara, director of youth football, June 20, 1994

Pauli Miettinen, director of coach education, June 17, 1994

The Football League:

Jukka Suominen, general manager, Football League, February 9, 1995

Ilpo Laurila, general manager, MyPa, December 12, 1994

Jari Karjalainen, marketing manager, HJK, November 3, 1994

Ilkka Mäkelä, general manager, MP, December 12, 1995 (p)

Tapio Harittu, general manager, TPS, November 21, 1994

Juha Koskimäki, marketing manager, Ilves, November 24, 1994

Jaakko Lempinen, chairman of the board, Ponnistus, November 21, 1994

Erkki Salo, general manager, FinnPa, November 18, 1994

Timo Wallden, manager of public relations, Haka (PR, marketing), December 14, 1994

Jussi Sarvikas, chairman of the board, Haka (financial data, sponsorship), January 12,1995 (p)

Finland Post:

Samppa Seppälä, marketing communications director, March 8, 1995 (t)

Riina Hautamäki, marketing assistant, March 8, 1995 (t)

Valio:

Satu Säilä, marketing communications director, March 24 and March 28, 1995 (t)

Appendix 1. Key Concepts

Brand

"Distinguishing name and/or symbol (such as logo, trade mark or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors" (Aaker 1991)

Differentiation

"Differentiate; become different during development" (Oxford Dictionary of Current English 1992)

" The firm designs different programs for each segment"

Identity

"Condition of being a specified person or thing" (Oxford Dictionary of Current English 1992)

" Who are we and what are we doing (in organization)" (Åberg 1989)

Image

" Image is a net result of the interaction of all the experiences, impressions, belief, feelings and knowledge the person has about the organization." (Bernstein 1984)

" In management images are mental representations held by consumers of companies, goods and services. They are evaluative beliefs upon which consumer attitudes are based" (Aaker & Myers 1987)

Market Segmentation

Latin *seco* cut, "Segment; each part into which a thing is or can be divided" (Oxford Dictionary of Current English 1992)

"The act of dividing a market into distinct groups of buyers who might require separate products and/or marketing mixes" (Kotler & Turner 1993)

Market Targeting

"The act of developing measures of segment attractiveness and selecting one or more segments to enter" (Kotler & Turner 1993)

Market Positioning

"Position; situation in relation to others" (Oxford Dictionary of Current English 1992)

" The act of establishing a viable competitive positioning of the firm and its offer in each target market" (Kotler & Turner 1993)

Perception

"intuitive recognition of truth, aesthetic quality" (Oxford Dictionary of Current English 1992)
Used here as a synonym for image

Profile

"Combination of signals organization is trying to communicate to its target groups" (Åberg 1989)

Sponsor

"patron of an artistic or sporting activity", "company etc. supporting a broadcast in return for advertising time" (Oxford Dictionary of Current English 1992)

Sponsorship

" In essence, modern sponsorship is a mutually beneficial business arrangement between sponsor and sponsored to achieve defined objectives" (Head 1981)
" Commercial sponsorship is buying and exploiting an association (with an event, an individual, a group, etc.) for specific marketing communication purposes" (Otker & Hayes 1986)

The definition used in this thesis:
"the provision of resources of any kind by an organization in direct support of an event (sports or arts) or social concern (educational or environmental) with the purpose of directly associating the organization's name/product with the event. The licencee then uses this relationship to achieve its promotions objectives or to facilitate and support its broad marketing objectives." (Mullin et al.1993)

Sport Organization

Amateur (nonprofit) organizations producing sport services, like sport events, competitions, as well as fitness and recreational activities. Production of sporting equipment is not considered as a function of sport organizations. International, national and district organizations, sport clubs, teams, and individual athletes are considered as sport organizations.

Appendix 2. Interview themes for league team interviews

1. Responsibility of marketing in the club

2. Definition of the area of operation

3. Target groups of marketing

4. Tools of marketing communication used

5. Competitive environment

6. The product extensions used

7. Marketing research

All the clubs were also asked to provide information of their marketing plan, budget 1994/95, breakdown of revenues, and main sponsors 1994.

Appendix 3. Interview themes for corporate interviews

1. Introduction and background of the study

2. Sponsorship as a part of marketing communications of the company

3. The selection of the target of sponsorship

4. Goals and implementation of sponsorship

5. Targeting in sponsorship

6. The role of image dimensions in sponsorship

(7. The role of networking; only for Posti)

Appendix 4. The Sponsorship Offering of FAF

Advertising

Media	***Benefit for Business***
Board ad	Reach; 400,000 TV spectators/national team game, 10,000 on the stadium (league 200,000/2,000)
Ad in outfit (league)	Reach; Sportdesk 1,000,000 spectators, newspapers, stadium attendance 2,000/game (x26/team) 2 games/team on TV; 200,000 spect.
Program/Roster Video Board	Reach; stadium attendance
TV Broadcasts	Eg. olympic team games; reach 200,000 football fans through TV
Event Advertising - Radio, newspapers, TV	Association to the event. Reach; newspaper/radio/TV coverage
Event Posters	Schools, outdoor
Collect Cards	Reach; collectors, annual card sales 5 million pcs
Futari Magazine Year Book	Reach; 82 000 football players (300,000 readers) The effect can be tested with e.g. coupons
Logo in material to clubs	Reach; 1200 clubs
Ads in educational material	Reach; eg. 2000 coaches
Use of mailing lists in direct advertising	Adresses for 82,000 players and their families
Use of players in corporate ads	Rent the image of the player/sport

Sales Promotion

Tool	***Benefit for business***
Giveaways	Reach; stadium spectators
Exhibitions (eg. sport equipment)	Reach; Potential customers at once
Coupons connected to licencecard	Reach; 82,000 football players

Public Relations

VIP-Tickets	Target to own stakeholders
Coaches/players visit happenings of the company	Coach as teambuilding instructor Players as celebrity guests
International tournament for businesses	Organized by FAF, chance for networking

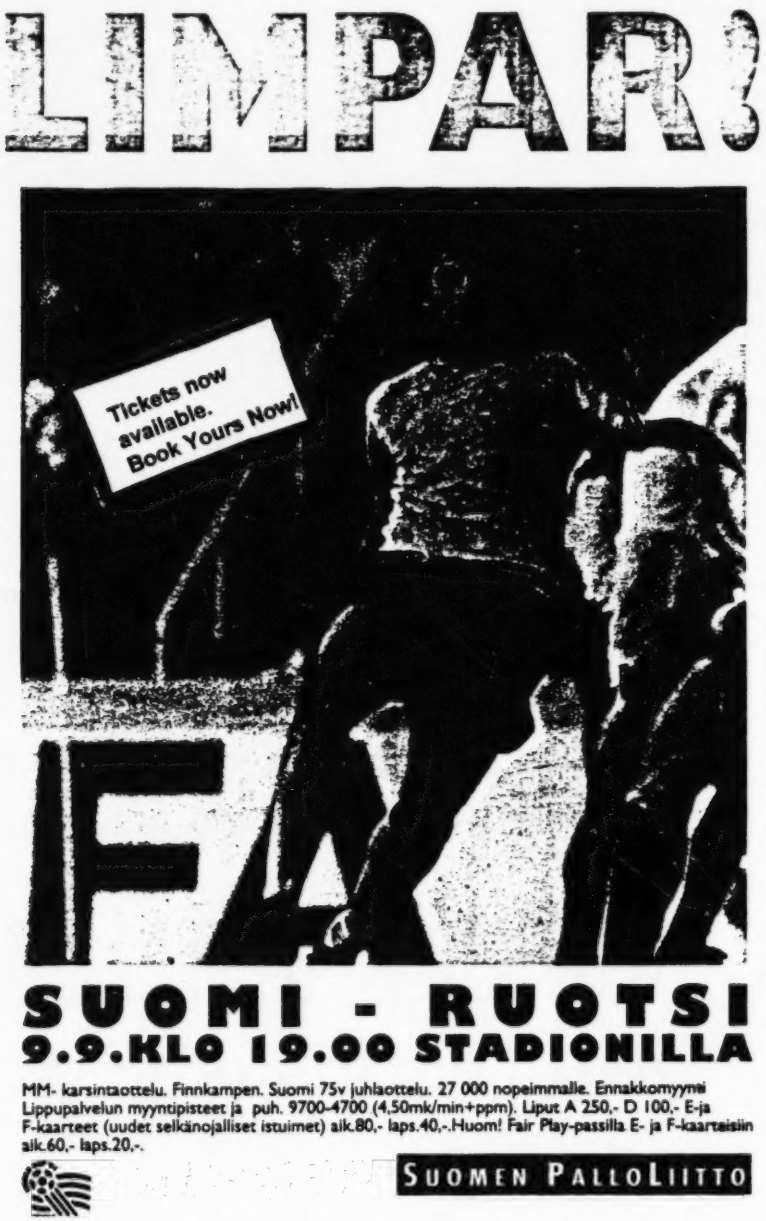
Personal Selling

Players selling company's products	In stores, player as a spokesperson
Market area in big events	Sell/promote the products to sport fans
Centralized buying of FAF	Company can sell directly to FAF and its subunits

Internal Marketing

"Know-How"	Company can use the teambuilding know how of the coach or eg. captain of the team in internal education
Tickets for personnel	Prizes, cohesion of the company
Organized physical exercise - Tournaments - Competitions - Retreats	Fittness, cohesion of the company, use the expertise of FAF, players can be involved,

Appendix 5. A sample ad of national team games I; before Posti agreement


LIMPARI
Tickets now available. Book Yours Now!
F
A
R
SUOMI - RUOTSI
9.9.KLO 19.00 STADIONILLA
MM- karsintaottelu. Finnkampen. Suomi 75v juhlaottelu. 27 000 nopeimmalle. Ennakkomyynti Lippupalvelun myyntipisteet ja puh. 9700-4700 (4,50mk/min+ppm). Liput A 250,- D 100,- E-ja F-kaarteet (uudet selkänojalliset istuimet) aik.80,- laps.40,-.Huom! Fair Play-passilla E- ja F-kaarteisiin aik.60,- laps.20,-.
SUOMEN PALLOLIITTO

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Appendix 6. A sample ad of national team games II; during Posti agreement

Father, you promised.

It can be a reward for working hard.
It can be a reward for fair play.
It can be a reward for success in school.
It can be a reminder of friendship
- reminding that you care.
Bring him to the game.
Because you have some time promised.
Finland-Spain June 2nd, 19.00 in Tampere
Tickets 30-150,- from TicketMaster.

Suomi-Espanja 2. kesäkuuta klo 19 Tampereella
Ratinan stadionilla. Liput 30–150 mk. Liput Lippupalvelusta.

SUOMEN PALLOLIITTO

Posti is TeamPlay

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Appendix 7. An example of an outfit of a Major League team

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Appendix 8. Created link between Posti and Jari Litmanen

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Appendix 9. Values for the attributes of Visibility and Positioning Power

	Visibility Factor					Positioning Power				
SPORT	TV 1)	Press	Stadium 2)	Partici-pants 2)	Avrg	Stars 4)	Product attributes 3)	Service Quality	Specific Target	Avrg
Football	6	10	13	2,6	7,90	70	83	60	70	30,60
Icehockey	13	15	22	2,1	13,03	100	92	80	60	38,40
Baseball	2	7	6	0,5	3,88	30	49	70	50	15,80
Track & Field	25	10	11	1	11,75	70	81	60	40	30,20
Tennis	2	1	1	1,3	1,33	3	83	40	70	17,20
Basketball	1	4	2	0,5	1,88	40	66	50	30	21,20
Volleyball	1	3	5	2	2,75	10	45	40	30	11,00
Nordic skiing *)	21	10	6	8,1	11,28	100	54	30	30	30,80
Alpine skiing	1	1	1	2,5	1,38	3	73	40	60	15,20
Figure skating	5	3	0	0,06	2,02	50	73	70	80	24,60
Swimming	2	3	1	6,2	3,05	80	108	40	30	37,60
Average	7,18	6,09	6,18	2,44		50,55	73,36	52,73	50,00	
Standard Dev.	8,62	4,59	6,76	2,51		36,35	19,02	16,18	18,97	

Standardized Values

SPORT	TV	Press	Stadium	Participant	Avrg	Stars	Attributes	Service	Specific	Avrg
Football	-0,14	0,85	1,01	0,06	0,45	0,54	0,51	0,45	1,05	0,64
Icehockey	0,67	1,94	2,34	-0,14	1,20	1,36	0,98	1,69	0,53	1,14
Baseball	-0,60	0,20	-0,03	-0,77	-0,30	-0,57	-1,28	1,07	0,00	-0,19
Track & Field	2,07	0,85	0,71	-0,57	0,76	0,54	0,40	0,45	-0,53	0,21
Tennis	-0,60	-1,11	-0,77	-0,45	-0,73	-1,31	0,51	-0,79	1,05	-0,13
Basketball	-0,72	-0,46	-0,62	-0,77	-0,64	-0,29	-0,39	-0,17	-1,05	-0,47
Volleyball	-0,72	-0,67	-0,17	-0,18	-0,44	-1,12	-1,49	-0,79	-1,05	-1,11
Nordic skiing *)	1,60	0,85	-0,03	2,25	1,17	1,36	-1,02	-1,40	-1,05	-0,53
Alpine skiing	-0,72	-1,11	-0,77	0,02	-0,64	-1,31	-0,02	-0,79	0,53	-0,40
Figure skating	-0,25	-0,67	-0,91	-0,95	-0,70	-0,02	-0,02	1,07	1,58	0,65
Swimming	-0,60	-0,67	-0,77	1,50	-0,14	0,81	1,82	-0,79	-1,05	0,20

*) includes skijumping

Sources:

1) Jääsaari (1994) Sports Programs on TV; TV spectators (% of total spectating of sports)

2) Suomen Gallup (1995) Results of NSO's; Participants (100,000), stadium attendance (% of population)

3) Suomen Gallup (1993) Image of Sports; Product attributes (summary of image dimensions)

4) Talouetutkimus Oy (1994) Sponsorship of Olympic Sports; Stars (most interesting athletes)

If the source is not stated the figure is based on subjective evaluation